



United Kingdom  
**Debt  
Management  
Office**

# Public Works Loan Board Report and Accounts 2009-2010





**Public Works Loan Board  
Report and Accounts 2009 – 2010**

Presented to Parliament in pursuance of  
Section 3(6) of the National Loans Act 1968

Ordered by the House of Commons  
to be printed on 6 July 2010

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# Foreword

The Public Works Loan Board (PWLB) is an independent statutory body, which originated in 1793 and became established on a permanent basis in 1817. Since 1946 it has consisted of up to twelve Commissioners appointed by the Crown. The functions of the Commissioners are to consider loan applications from local authorities and other prescribed bodies and, where loans are made, to collect the repayments. The PWLB has operated within the United Kingdom Debt Management Office since July 2002.

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## Introduction

**This report presents the annual Report and Accounts of the Public Works Loan Board for the year ended 31 March 2010. These accounts have been prepared by the Public Works Loan Board (PWLB) under a direction issued by HM Treasury in accordance with Section 3 (6) of the National Loans Act 1968 ('the 1968 Act'). In addition, and for the first time, the Annual Accounts have been expanded to meet the duty of the Public Works Loan Commissioners, under section 5 (3) of the Public Works Loans Act 1875 ('the 1875 Act'), to report annually to Parliament.**

Hitherto, the Commissioners' Annual Report has been published separately from the Annual Accounts, but its content over time has come to resemble that of the Annual Accounts so closely that, following consultations between the PWLB and the National Audit Office, the decision has been taken to amalgamate the two documents. The Commissioners' duty to report under the 1875 Act is now discharged within the Report and Accounts.

The Report and Accounts show amounts advanced by the PWLB and the repayments received from borrowers. The accounts do not show the resources that have been used to deliver the PWLB's objectives, which are reported in the United Kingdom Debt Management Office Report and Accounts 2009-2010.

### Background of the Public Works Loan Board

The PWLB is an independent statutory body that

originated in 1793 and became permanently established in 1817. It dates in its present form from the Act of 1875. Since 1946 it has consisted of a maximum of twelve Commissioners appointed by the Crown to hold office for four years. Retiring Commissioners are eligible for re-appointment.

Monies are provided by Act of Parliament and drawn from the National Loans Fund. The National Loans Fund is HM Government's main borrowing account and is administered by HM Treasury.

The administration of the PWLB is the responsibility of the United Kingdom Debt Management Office (DMO).

### Commissioners in post

The Commissioners holding office during the year were as shown below.

Original appointment began		Current appointment ends
1996	Chairman - <b>Mr John Parkes CBE DL</b> Director, EMIH Ltd Former Treasurer and Pro-Chancellor, University of Hull Former Chief Executive, Humberside County Council	2013
1997	Deputy Chair - <b>Mrs Rachel Terry</b> Independent consultant, housing finance Former Associate, Tribal Treasury Services Limited Former Partner, Touche Ross & Company	2013

1999	<b>Mr Lawrence Nippers MBE</b> Former Director of Finance and Central Services, Newport City Council	2011
2000	<b>Mrs Sarah Wood OBE</b> Former Director of Economic and Environmental Policy, Local Government Association	2012
2001	<b>Miss Mei Sim Lai OBE DL</b> Principal, Lai Peters & Co. Chartered Accountants	2013
2002	<b>Mrs Philippa Foster Back OBE</b> Director, Institute of Business Ethics	2010
2003	<b>Mr Tony Caplin</b> Chairman, Panmure Gordon plc Chairman, Urban Wimax Chairman, North West London Hospitals NHS Trust	2011
2009	<b>Mr Richard Gibson</b> Former member, Senior Civil Service, Office of the Deputy Prime Minister	2013
2009	<b>Mr John Campbell</b> Former Director of Corporate Resources, Scottish Borders Council	2013

Officials of the PWLB were:

<b>Secretary</b>	Mr Mark Frankel
<b>Assistant Secretary</b>	Mr Tony Dinnage

Other DMO staff supporting the functions of the PWLB were:

<b>Loans Officers</b>	Mr Terry Field Mr Dave Gilbert
<b>IT Manager</b>	Mr Chris Saunders

## The function of the Commissioners

The functions of the Commissioners, derived chiefly from the Acts of 1875 and 1968, are to consider loan applications from local authorities and other prescribed bodies and, where loans are made, to collect the repayments. Nearly all borrowers are local authorities requiring loans for capital purposes. The security for money borrowed by a local authority, together with interest, is charged indifferently on all its revenues; all securities created rank equally without any priority. The Commissioners are legally required, before making a loan, to satisfy themselves that there is sufficient security for its repayment. The management of credit risk is described in Note 9 to the accounts.

The Commissioners are unpaid and act collectively to discharge their duties. The Commissioners have delegated to the Secretary day-to-day responsibilities for authorising loans and collecting due payments. The Secretary acts as the Accounting Officer of the PWLB and attends meetings of the PWLB, which take place quarterly.

## Governance and membership of the Public Works Loan Board

Operationally, the PWLB is a unit of the United Kingdom Debt Management Office (DMO), an executive agency of HM Treasury, and its staff are employees of the DMO. The Commissioners retain their statutory role while expecting the Secretary to supervise the operations of the PWLB subject to the same controls as apply to the DMO's operations as a whole. In so far as the Secretary relies on the effectiveness of the DMO's internal control framework, he looks to its Chief Executive, as Accounting Officer, to manage the DMO to the required standards.

At 31 March 2009 the terms of Mr Brian Tanner and Mr Gordon Edwards, and at 31 March 2010 the term of Mrs Foster Back, came to an end. The PWLB acknowledges their valued contributions. At 31 March 2009 the terms of Mr Parkes, as chairman, Mrs Terry, as deputy chairman and Miss Mei Sim Lai came to an

end. Their names were confirmed for re-appointment by a Royal Warrant dated 15 March 2010, together with the names of Mr Campbell and Mr Gibson for appointment.

## Statutory provisions for loans

Section 3 (11) and Schedule 4 of the 1968 Act authorise the Commissioners to make loans to any local authority in Great Britain for any purpose for which the authority has power to borrow and to certain other authorities and persons for limited purposes. The Commissioners also have the powers to lend to harbours.

The amount which the Commissioners may lend, or undertake to lend, is provided by Section 4 of the 1968 Act, which permits the Commissioners to make loans up to a limit of the aggregate of:

- any commitments of the Commissioners outstanding in respect of undertakings entered into by them to grant local loans; and
- any amount outstanding in respect of the principal of any loans.

Section 4(1) of the 1968 Act limits the aggregate amount that may be outstanding in respect of commitments entered into by the Public Works Loan Commissioners. The Local Loans (Increase of Limit) Order 2008 increased that limit from £55,000 million to £70,000 million.

The PWLB borrows from the National Loans Fund in order to fund its loans. All loan repayments to the PWLB are paid over to the National Loans Fund to reduce this borrowing. All interest and premiums on early redemption paid to the PWLB are paid to the National Loans Fund. The PWLB borrows from the NLF in order to fund any discounts payable on early redemptions.

In accordance with Sections 3(2) and 5 of the 1968 Act, interest on loans made by the Commissioners is payable at rates set by the DMO, using methodologies

agreed with HM Treasury. During the year, rates were reset daily, exceptionally intra-daily. A separate set of rates is determined to apply to early repayments.

The two types of loan available from the PWLB are:

- Fixed rate loans, for which the maximum repayment period is 50 years and on which the rate of interest is fixed for the duration of the loan. Repayments for fixed rate loans are due at half-yearly intervals; and
- Variable rate loans, for which the maximum repayment period is 10 years, and on which the rate of interest may be varied at one, three or six month intervals. Repayments are made at intervals corresponding to that selected for the variation of the rate. Once an interval is chosen, it remains unchanged throughout the life of the loan.

### Policy and lending arrangements

The Commissioners are normally prepared to lend to an authority up to the available capacity in its legal borrowing limit as determined under Part 1, Chapter 1 of the Local Government Act 2003. The Commissioners require a verbal statement of confirmation from the borrowing authority, on taking out debt, that it is complying with the appropriate

requirements of the PWLB's Circulars and the relevant legislation with regard to the authority's borrowing powers.

The policy of the PWLB is to be able to meet all of a local authority's legitimate need for long-term borrowing. Borrowers can request to repay loans before their due date. The PWLB has discretion to accept early repayments, but only on terms which do not favour the borrower over the National Loans Fund. The PWLB's lending policy and operational arrangements are publicised in Circulars issued with the Commissioners' approval and displayed on the website at [www.pwlb.gov.uk](http://www.pwlb.gov.uk).

### Audit arrangements

The accounts are audited by the Comptroller and Auditor General in accordance with Section 3 (6) of the 1968 Act.

The Secretary has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the PWLB's auditors are aware of that information. So far as he knows, there is no relevant audit information of which the PWLB's auditors are unaware.



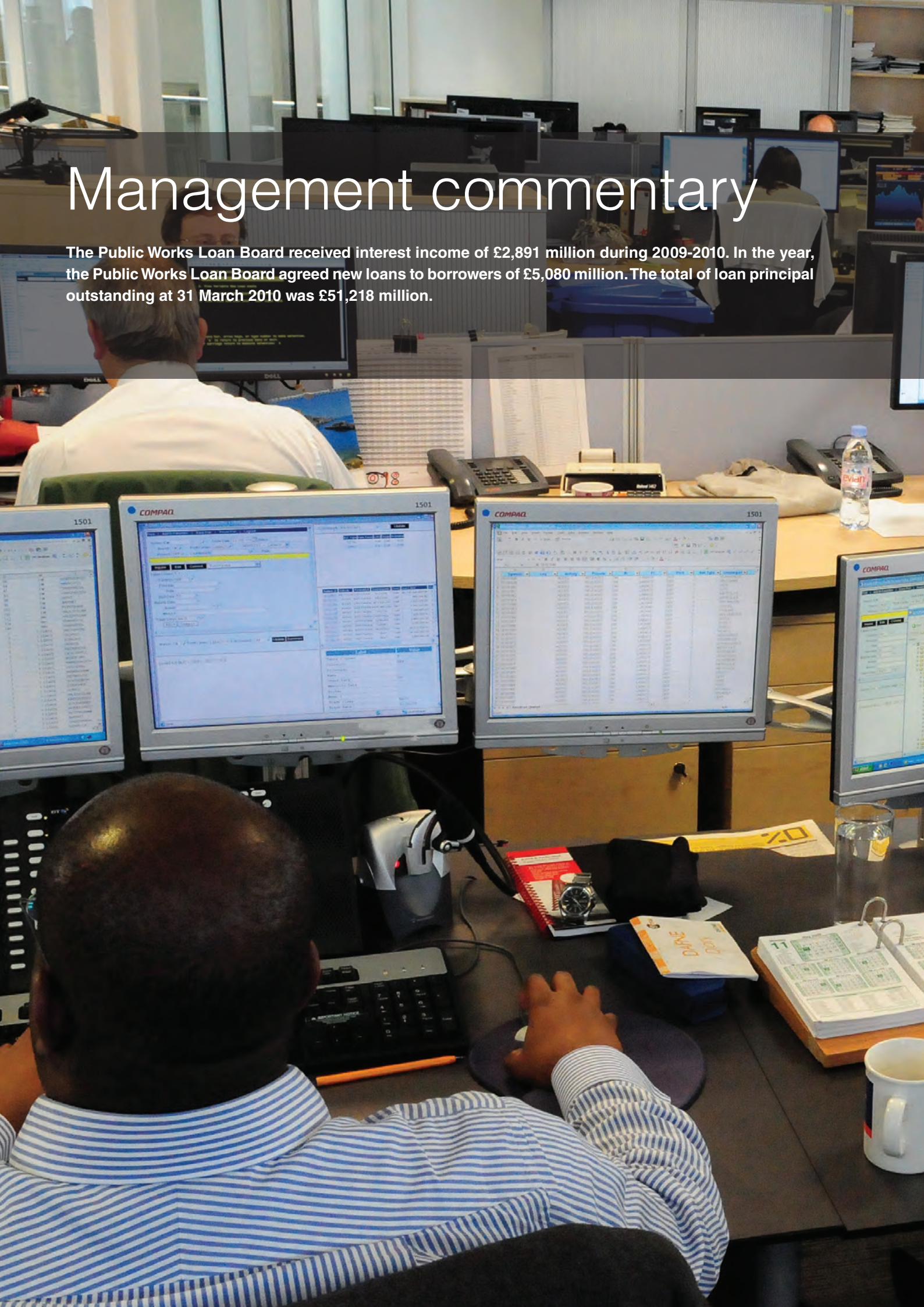
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# Management commentary

The Public Works Loan Board received interest income of £2,891 million during 2009-2010. In the year, the Public Works Loan Board agreed new loans to borrowers of £5,080 million. The total of loan principal outstanding at 31 March 2010 was £51,218 million.





## Summary of results in 2009-2010

The PWLB received interest income of £2,891 million (2008-2009: £3,174 million). This comprised £2,755 million of contractual interest income (2008-2009: £2,888 million), £164 million of premiums received (2008-2009: £376 million) and £28 million of discounts paid due to the early redemption of loans (2008-2009: £90 million).

Year on year, the PWLB's interest income decreased by £283 million. This was principally the result of a £212 million reduction in income from premiums compared to the prior year.

The PWLB agreed new loans to borrowers of £5,080 million (2008-2009: £6,360 million).

The PWLB's borrowers redeemed early loans of value £2,851 million (2008-2009: £5,622 million).

At 31 March 2010, the PWLB held loan assets outstanding to borrowers of £51,776 million (31 March 2009: £51,425 million), inclusive of accrued income receivable of £558 million (31 March 2009: £572 million). The PWLB also held a cash balance at the Bank of England of £55 million (31 March 2009: £24 million) comprising monies in transition between the National Loans Fund and the PWLB's borrowers.

Figure 1 sets out the advances made, the repayments received and the loan amounts outstanding according to types of borrower in England, Wales and Scotland. It includes the fair value of the PWLB's loan portfolio, which is equivalent to the net present value of all future contractual cash flows for each loan.

At 31 March 2010, the average period to maturity of fixed rate loans had fallen to 25.5 years (31 March 2009: 27.0 years). There had also been a reduction in the weighted average interest rate of the PWLB's loans outstanding at the balance sheet date to 5.39% (31 March 2009: 5.50%).

The assets of the PWLB are funded by borrowing from the National Loans Fund. Therefore all the PWLB's assets are matched by a corresponding liability to the National Loans Fund.

The PWLB's fee income and administrative expenditure are accounted for within the DMO's overall budget, as agreed with HM Treasury. In 2009-2010, the DMO received fees and charges of £1.8 million from the PWLB's borrowers in respect of new loans issued (2008-2009: £2.2 million).

### Factors influencing financial performance

Movements in the PWLB's statement of financial position and its corresponding pattern of income are driven by the demand for new loans and the repayment (early or otherwise) of existing loans. The demand for new loans is influenced by local authorities' need for capital finance, changes in market borrowing rates and borrowers' expectation of future interest rate changes. These factors, considered alongside any premium or discount payable for early redemption and the rates available for money on deposit, also influence the pattern of demand for early redemption of existing loans and for refinancing.

Figure 1: Summary of transactions and balances outstanding

	In the year 2009-2010			Balances outstanding as at 31 March 2010		
	Advances £	Repayments of principal £	Repayments of interest £	Principal due but not yet paid £	Principal outstanding £	Interest due but not yet paid £
<b>Loans on local revenues to:</b>						
<b>Local authorities in England</b>						
County Councils	719,160,160	972,345,571	450,844,397	-	9,127,533,724	-
London Borough Councils	412,000,000	394,496,320	557,672,226	-	8,529,116,612	-
Metropolitan District Councils (a)	877,914,700	1,020,653,503	667,868,350	-	11,049,879,258	-
Non-Metropolitan District Councils	827,605,106	1,016,397,016	390,579,485	-	6,890,222,106	-
Parish and Town Councils	17,471,830	6,957,992	4,814,686	18,506	97,037,533	65,003
Others	1,028,426,961	200,080,971	245,369,200	70	5,420,419,889	3
	<b>3,882,578,757</b>	<b>3,610,931,373</b>	<b>2,317,148,344</b>	<b>18,576</b>	<b>41,114,209,122</b>	<b>65,006</b>
<b>Local authorities in Wales</b>						
Principal Councils	43,500,000	168,492,981	177,033,058	-	2,746,959,405	-
Community Councils	1,055,000	216,937	179,157	786	4,052,243	955
Others	27,066,440	13,124,722	3,426,179	-	93,813,245	-
	<b>71,621,440</b>	<b>181,834,640</b>	<b>180,638,394</b>	<b>786</b>	<b>2,844,824,893</b>	<b>955</b>
<b>Local authorities in Scotland</b>						
Principal Councils	1,123,945,000	898,015,087	378,647,905	-	6,972,024,840	-
Others	1,500,000	22,620,010	27,969,804	-	285,103,782	-
	<b>1,125,445,000</b>	<b>920,635,097</b>	<b>406,617,709</b>	<b>-</b>	<b>7,257,128,622</b>	<b>-</b>
<b>Total loans on local revenues</b>	<b>5,079,645,197</b>	<b>4,713,401,110</b>	<b>2,904,404,447</b>	<b>19,362</b>	<b>51,216,162,637</b>	<b>65,961</b>



	In the year 2009-2010			Balances outstanding as at 31 March 2010		
	Advances £	Repayments of principal £	Repayments of interest £	Principal due but not yet paid £	Principal outstanding £	Interest due but not yet paid £
<b>Loans on property to harbour authorities</b>						
England	-	6,317	5,260	-	108,969	-
Wales	-	-	-	-	-	-
Scotland	-	1,542,868	615,025	-	2,085,331	-
<b>Total loans on property</b>	<b>-</b>	<b>1,549,185</b>	<b>620,285</b>	<b>-</b>	<b>2,194,300</b>	<b>-</b>
<b>Total loans on local revenues and property</b>	<b>5,079,645,197</b>	<b>4,714,950,295</b>	<b>2,905,024,732</b>	<b>(b) 19,362</b>	<b>51,218,356,937</b>	<b>(b) 65,961</b>
<b>Add Totals from 1817 to 31 March 2009</b>						
Principal remitted or extinguished To 31 March 2009	204,794,825,168	153,941,635,089	108,996,935,122			
In the year 2009-2010		(c) 58,004,941				
<b>Total at 31 March 2010</b>	<b>209,874,470,365</b>	<b>158,714,590,325</b>	<b>111,901,959,854</b>			

(a) Includes authorities administering debt on behalf of former Metropolitan County Councils

(b) Repayments in arrear at 31 March 2010, arose for reasons of timing: see page 23.

(c) The principal remitted or extinguished up to 31 March 2009 includes £55,013,916 extinguished on privatisation of water authorities.

The net present value of all future contractual cash flows of this portfolio of loans at 31 March 2010 was £58,098,656,476.

## Applications for loans

The PWLB agreed 586 applications for loans (2008-2009: 604 applications), totalling £5.1 billion (2008-2009: £6.4 billion). 320 authorities applied for advances (2008-2009: 320 authorities), including 143 non-principal authorities (2008-2009: 169 non-principal authorities). Out of a total of 538 principal authorities, 361 did not apply to the PWLB during the year. 150 principal authorities had no debt outstanding to the PWLB as at 31 March 2010.

## Review by type of borrower

Figure 2 shows loan advances made by the PWLB in 2009-2010 by type of borrower.

There were 6 advances to drainage boards in the year, totalling £6 million (2008-2009: £2 million). As in 2008-2009, there were no advances to harbours.



Figure 2: Amounts advanced by type of borrower

	Fixed rate		Variable rate		Totals (£m)
	New (£m)	Conversions (£m)	New (£m)	Conversions (£m)	
<b>Local Authorities in England</b>					
County Councils	709	-	-	10	<b>719</b>
GLA and London Borough Councils	362	-	50	-	<b>412</b>
Metropolitan District Councils (a)	742	-	136	-	<b>878</b>
Non-Metropolitan District Councils	654	-	174	-	<b>828</b>
Parish and Town Councils	17	-	-	-	<b>17</b>
Others	1,001	-	28	-	<b>1,029</b>
	<b>3,485</b>	<b>-</b>	<b>388</b>	<b>10</b>	<b>3,883</b>
<b>Local Authorities in Wales</b>					
Principal Councils	44	-	-	-	<b>44</b>
Community Councils	1	-	-	-	<b>1</b>
Others	23	-	4	-	<b>27</b>
	<b>68</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>72</b>
<b>Local Authorities in Scotland</b>					
Principal Councils	1,075	-	43	5	<b>1,123</b>
Others	2	-	-	-	<b>2</b>
	<b>1,077</b>	<b>-</b>	<b>43</b>	<b>5</b>	<b>1,125</b>
	<b>4,630</b>	<b>-</b>	<b>435</b>	<b>15</b>	<b>5,080</b>

(a) includes authorities administering debt of former Metropolitan County Councils

The balances outstanding of the major authorities at the start and end of the year are shown in Appendix A.

### Types of loans, periods, rates and incidence of drawings

The monthly totals of loan advances, and its effect on the PWLB's loan portfolio, can be seen in Figure 3. The balance outstanding to the PWLB at 31 March 2010 was £51.2bn (31 March 2009: £50.9bn).

The relationship between rates of interest and the term till maturity of advances for fixed rate loans can be seen in Figure 4. Figure 5 shows amounts advanced monthly for fixed rate loans and their interest rates. Figure 6 provides a monthly profile of advances and their term till maturity.

The appetite for variable rate loans in 2009-2010 is demonstrated in Figure 7. The PWLB advanced £450 million of variable rate loans, including converted loans (2008-2009: £120 million).

Figure 8 shows the pattern of rates and the term till maturity of advances in the last five years. It demonstrates that both the rates and the term till maturity of loans issued were at historically low levels during 2009-2010.

The continuing popularity of maturity loans is shown in Figure 9. Historically, maturity loans have proved popular with major borrowers, while the preference for annuity and EIP loans has largely been confined to minor authorities.

The average repayment period for new loans was 15.1 years (2008-2009: 20.2 years). Loans with a value of £267 million (2008-2009: £932 million), or 5% of the total (2008-2009: 15%), were taken for the maximum period of 50 years. Loans amounting to £143 million (2008-2009: £1.2 million), 3% of the total (2008-2009: 19%), were taken for the minimum period of one year.

Figure 3: Principal outstanding and advanced, month by month

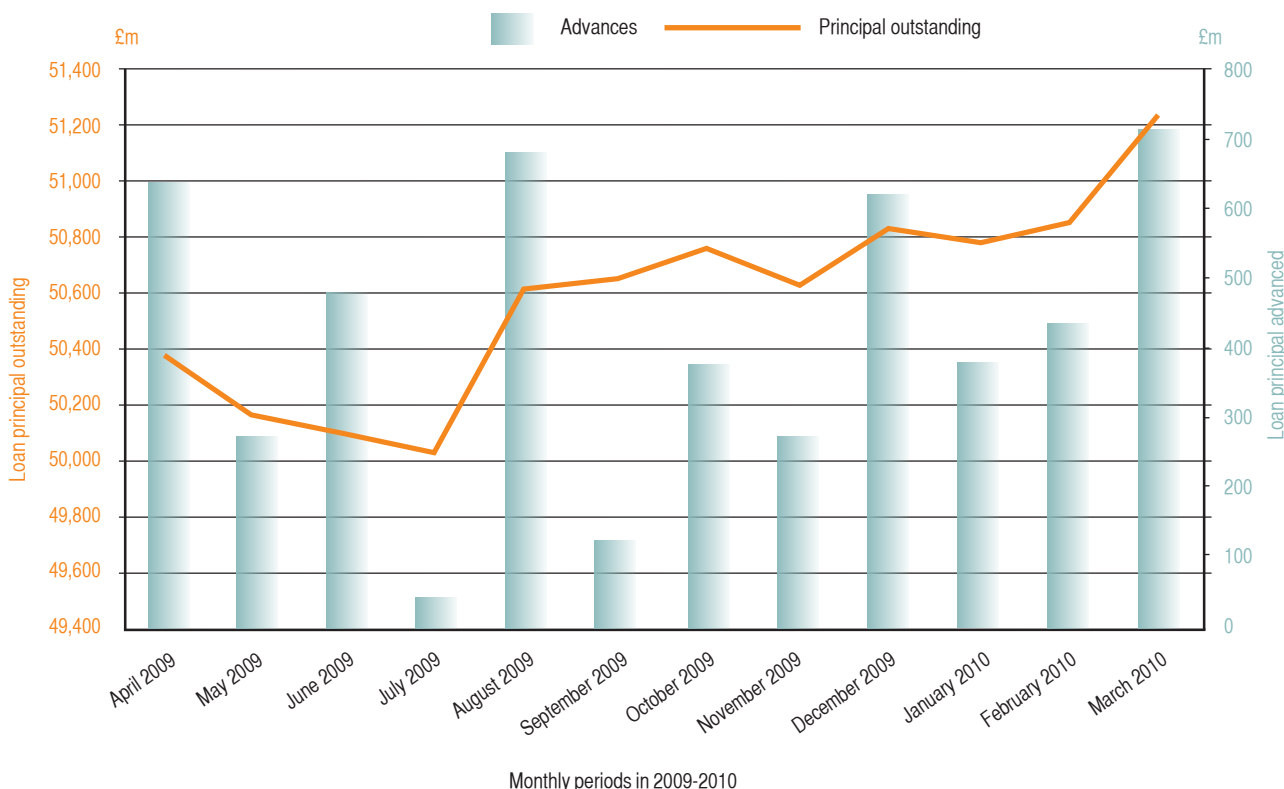




Figure 4: Term till maturity of fixed rate advances and their interest rates

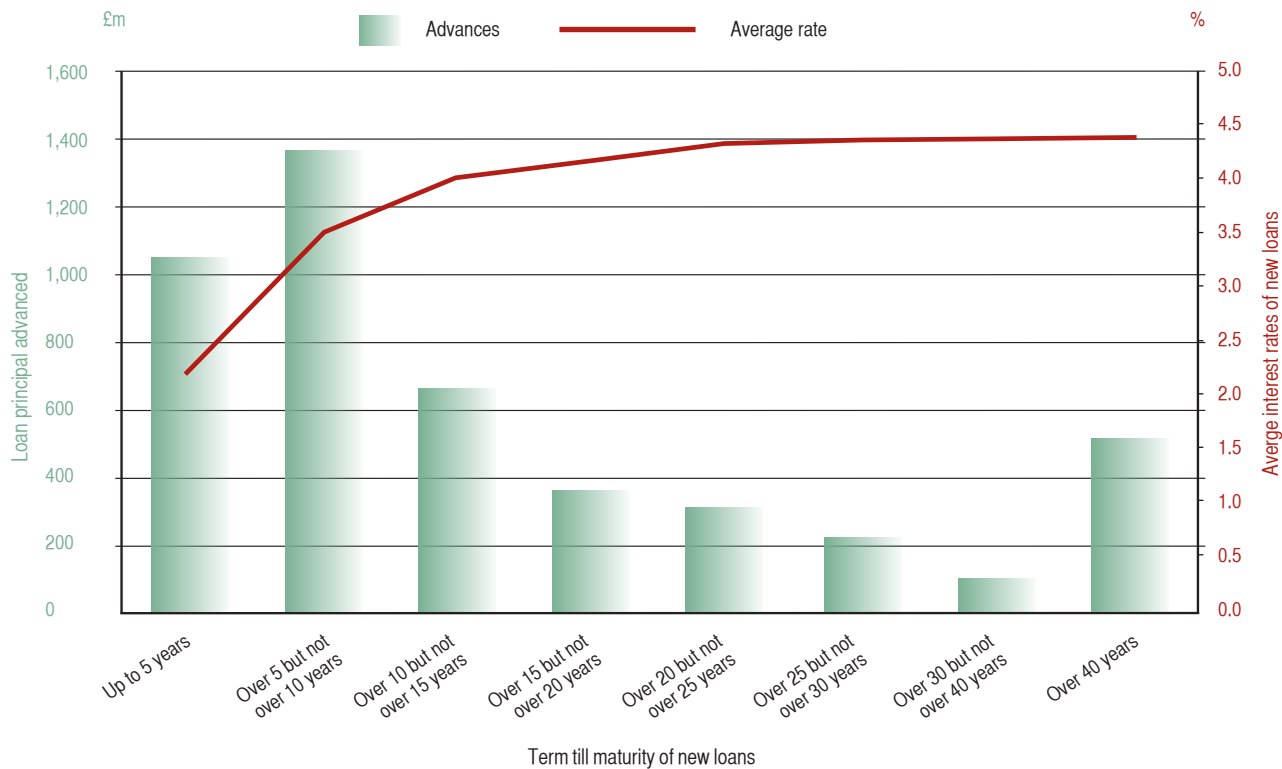


Figure 5: Amounts advanced for fixed rate loans and their interest rates, month by month

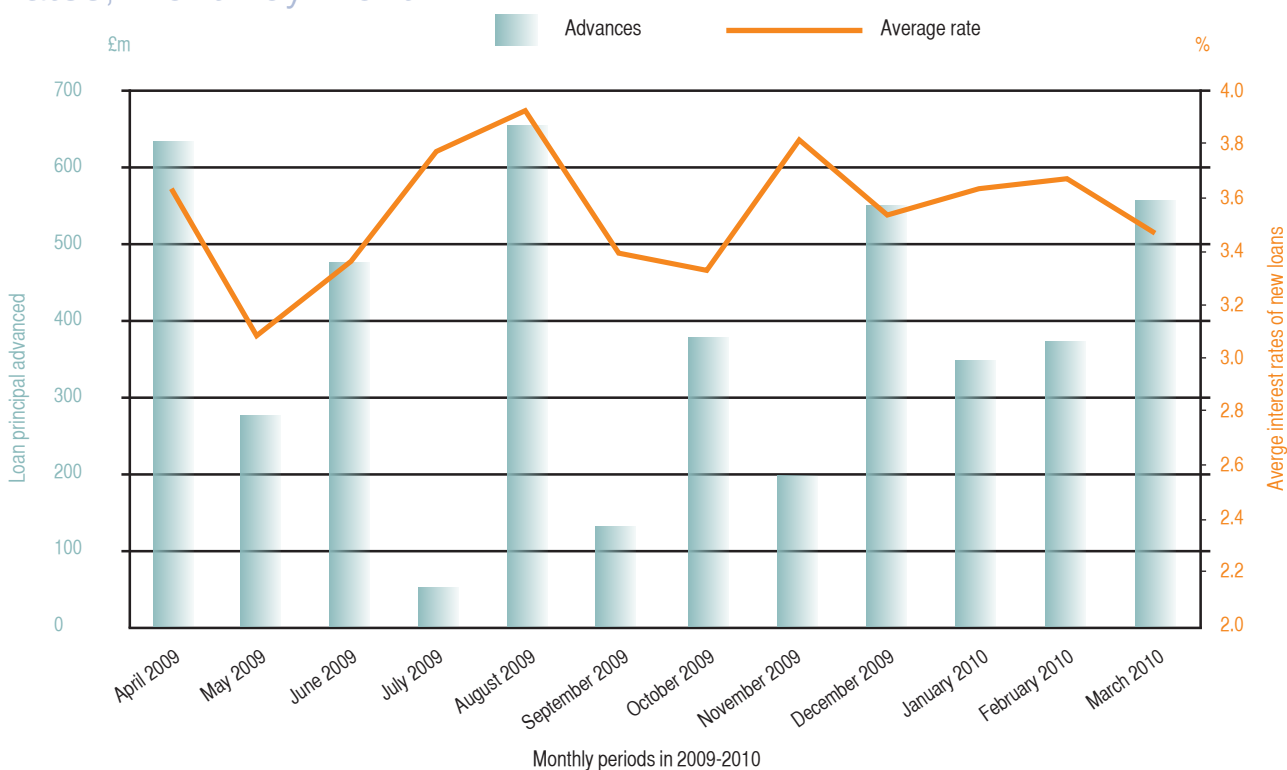


Figure 6: Amounts advanced and their term till maturity, month by month

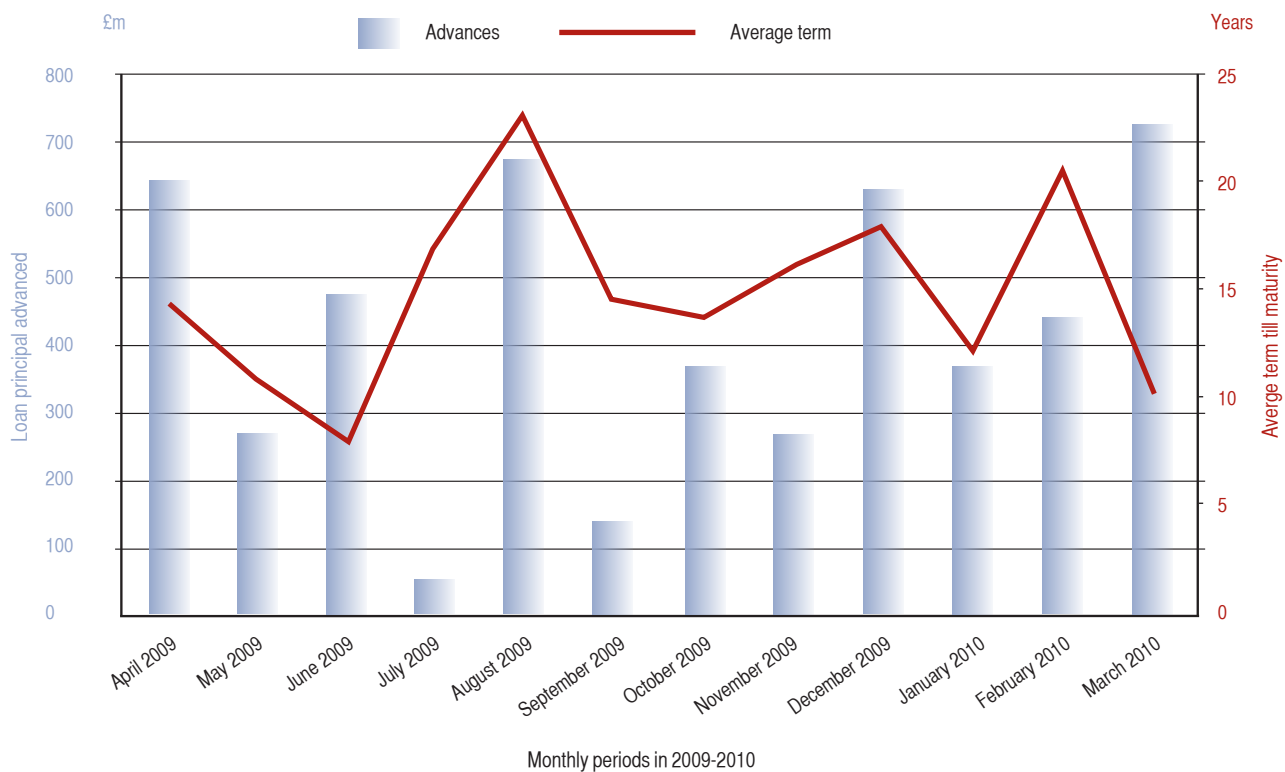


Figure 7: Amounts of fixed and variable rate loans advanced, month by month

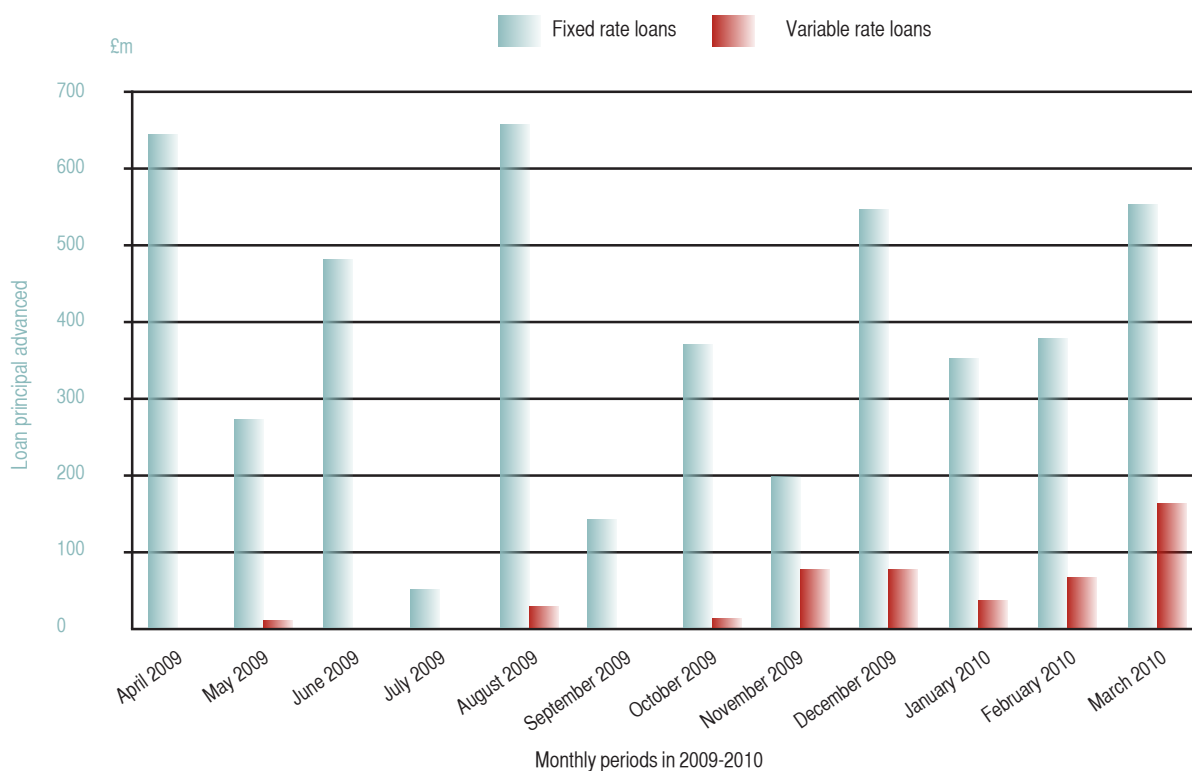


Figure 8: Average rates and term till maturity of advances, year by year

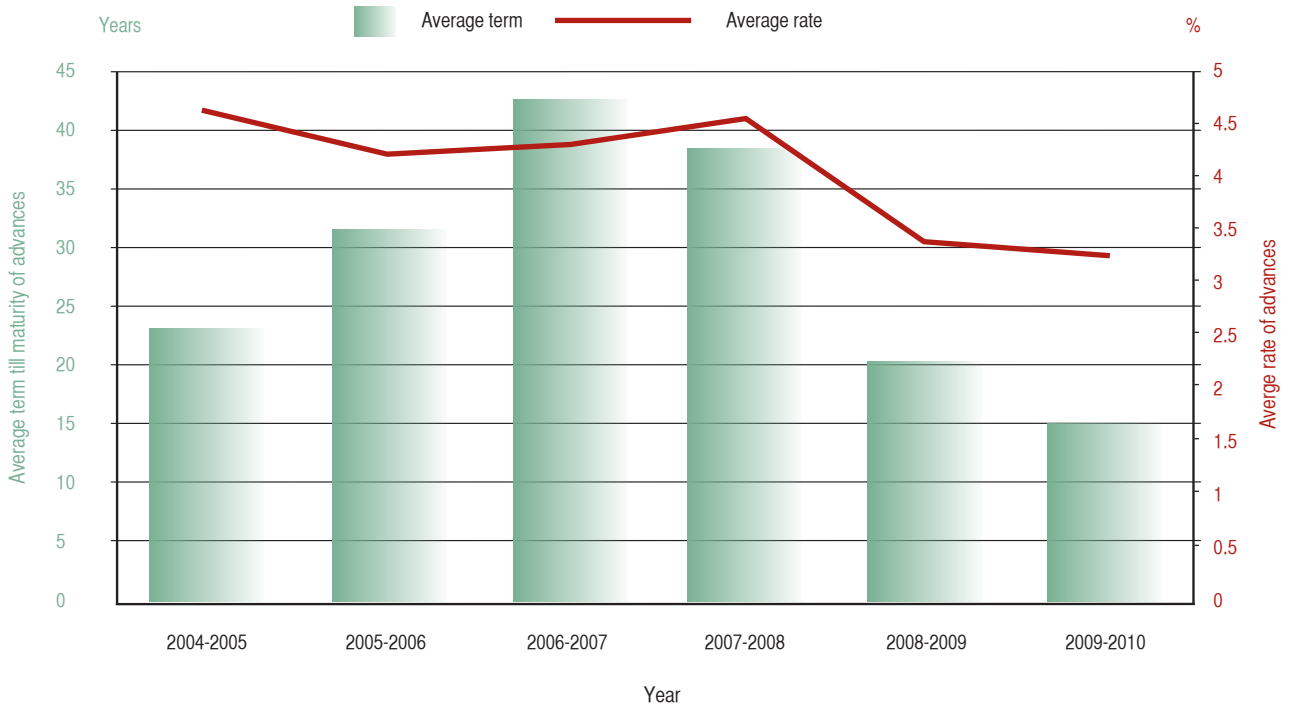


Figure 9: New loans by type and by term till maturity

Method of repayment	Period of repayment (£m)							Total
	Up to 5 Years	Over 5 but not over 10 years	Over 10 but not over 15 years	Over 15 but not over 25 years	Over 25 but not over 30 years	Over 30 but not over 40 years	Over 40 years	
<b>Fixed rate loans</b>								
<b>New loans</b>								
Maturity	902.1	1,340.2	606.9	564.6	276.7	87.7	499.9	<b>4,278.1</b>
Annuity	4.0	5.1	11.8	83.4	4.3	11.7	8.7	<b>129.0</b>
Equal instalments of principal	10.7	104.8	23.0	62.4	15.7	5.3	0.6	<b>222.5</b>
	<b>916.8</b>	<b>1,450.1</b>	<b>641.7</b>	<b>710.4</b>	<b>296.7</b>	<b>104.7</b>	<b>509.2</b>	<b>4,629.6</b>
<b>Variable rate loans</b>								
<b>New loans</b>								
Maturity	140.0	259.5	-	-	-	-	-	<b>399.5</b>
Equal instalments of principal	0.5	35.0	-	-	-	-	-	<b>35.5</b>
	<b>140.5</b>	<b>294.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>435.0</b>
<b>Variable rate loans</b>								
<b>Converted loans</b>								
Maturity	5.0	10.0	-	-	-	-	-	<b>15.0</b>
Equal instalments of principal	-	-	-	-	-	-	-	<b>-</b>
	<b>5.0</b>	<b>10.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15.0</b>
<b>All loans</b>								
Maturity	1,047.1	1,609.7	606.9	564.6	276.7	87.7	499.9	<b>4,692.6</b>
Annuity	4.0	5.1	11.8	83.4	4.3	11.7	8.7	<b>129.0</b>
Equal instalments of principal	11.2	139.8	23.0	62.4	15.7	5.3	0.6	<b>258.0</b>
<b>Total</b>	<b>1,062.3</b>	<b>1,754.6</b>	<b>641.7</b>	<b>710.4</b>	<b>296.7</b>	<b>104.7</b>	<b>509.2</b>	<b>5,079.6</b>

### Scheduled repayments, early repayments and conversions

When an authority redeems a loan, it is a decision for the authority, subject to the PWLB's lending arrangements, whether to replace the loan with a new loan. The PWLB will treat the replacement loan as a new transaction.

Authorities may, at the PWLB's discretion, redeem a loan early and have the option to convert a loan prior to its maturity.

In the case of an early redemption, the authority will repay the present value of the remaining payments of principal and interest, resulting in a discount or

premium according to whether the lending rate at the time is higher or lower than the loan rate.

A loan conversion occurs when an authority wishes

to replace a fixed rate loan with a variable rate loan or vice versa. A prescribed fee applies. Figure 10 summarises early repayments and conversions.

Figure 10: Early repayments and conversions

	Principal repaid or converted	Number of loans repaid	Number of borrowers repaying	Number of loans advanced	Premium paid	Discount allowed	Net premiums/discouts
	£m				£m	£m	£m
Fixed rate loans	2,851	872	148	845	164	(28)	136
Variable rate loans	-	-	-	64	-	-	-
<b>Totals</b>	<b>2,851</b>	<b>872</b>	<b>148</b>	<b>909</b>	<b>164</b>	<b>(28)</b>	<b>136</b>

Early repayments of £2.9 billion were made during the year (2008-2009: £5.6 billion), compared to new advances of £5.1 billion (2008-2009: £6.4 billion).

The value of loan principal outstanding to borrowers rose by 0.7% year-on-year (2008-2009: 0.4% rise), to £51.2 billion from £50.9 billion at 31 March 2009.

### Repayments in arrears

The overdue payments, as shown in Figure 1, were received soon after the end of the financial year. These arose for reasons of timing, principally concerning payments by cheque by a small number of borrowers.

### Rates of interest

The PWLB's interest rates are determined by the DMO in accordance with the National Loans Act 1968 and methodologies agreed with HM Treasury. Variable rates are determined by reference to gilt collateral repo rates. Fixed interest rates are based on gilt yields and for 2009-2010 were determined each night to take effect from the start of business on the next working day. Fixed rates are determined from prevailing gilt yields because the funding for the PWLB comes from the National Loans Fund,

which raises funds by issuing gilts. The PWLB's rates include a margin to ensure that the PWLB does not lend at rates lower than those at which HM Government could notionally borrow by issuing gilts. The margin also mitigates the risk of timing and maturity mismatches between the liabilities of the National Loans Fund (i.e. gilts) and its assets (i.e. loans from the PWLB).

Two sets of fixed rates are offered by the PWLB, the 'new loan' rates and the 'early repayment' rates. A negative margin is applied to the 'early repayment' rates to ensure that the PWLB does not accept repayment of loans at rates below prevailing market rates.

The DMO and HM Treasury reserve the right to change rates intra-day or to alter the margins and formulas for rates as deemed necessary. There was an intra-day change in rates on 10 occasions during the year (2008-2009: 21 occasions).

Current and past rates of interest are displayed on the website, [www.pwlb.gov.uk](http://www.pwlb.gov.uk).

Fixed rates for four maturities are shown in Figure 11 and variable rates are shown in Figure 12, which also shows the Bank of England's repo rate.



Figure 11: Fixed interest rates by term till maturity of loan

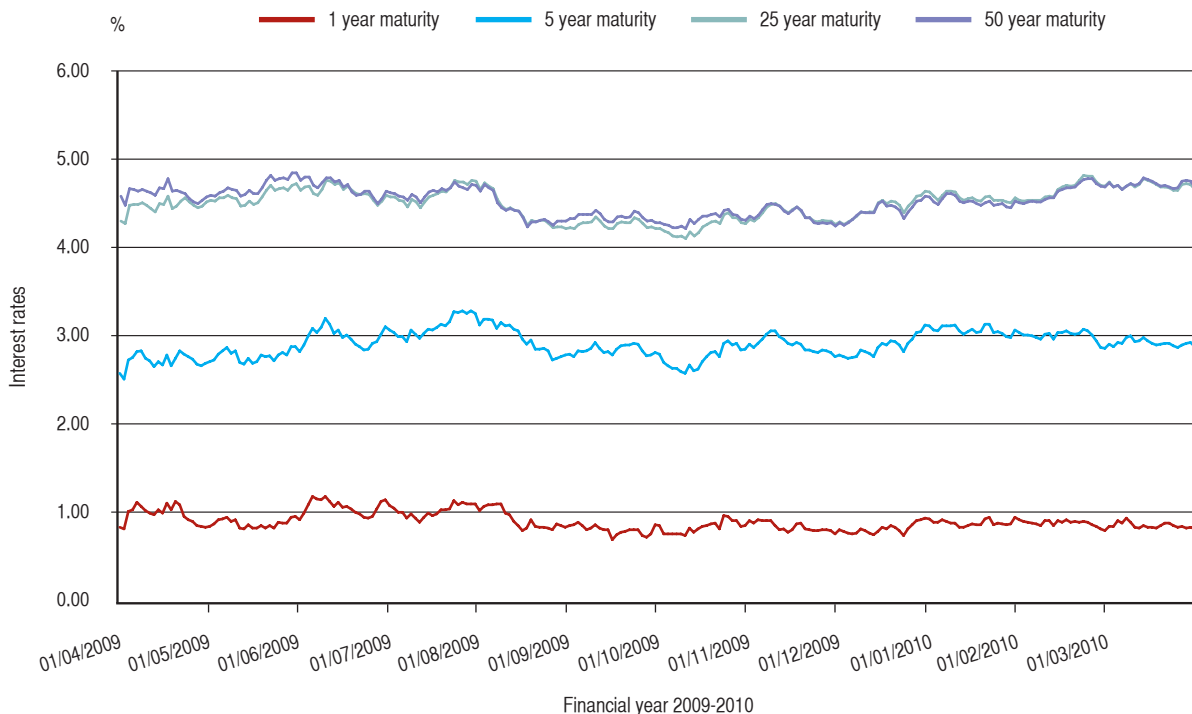
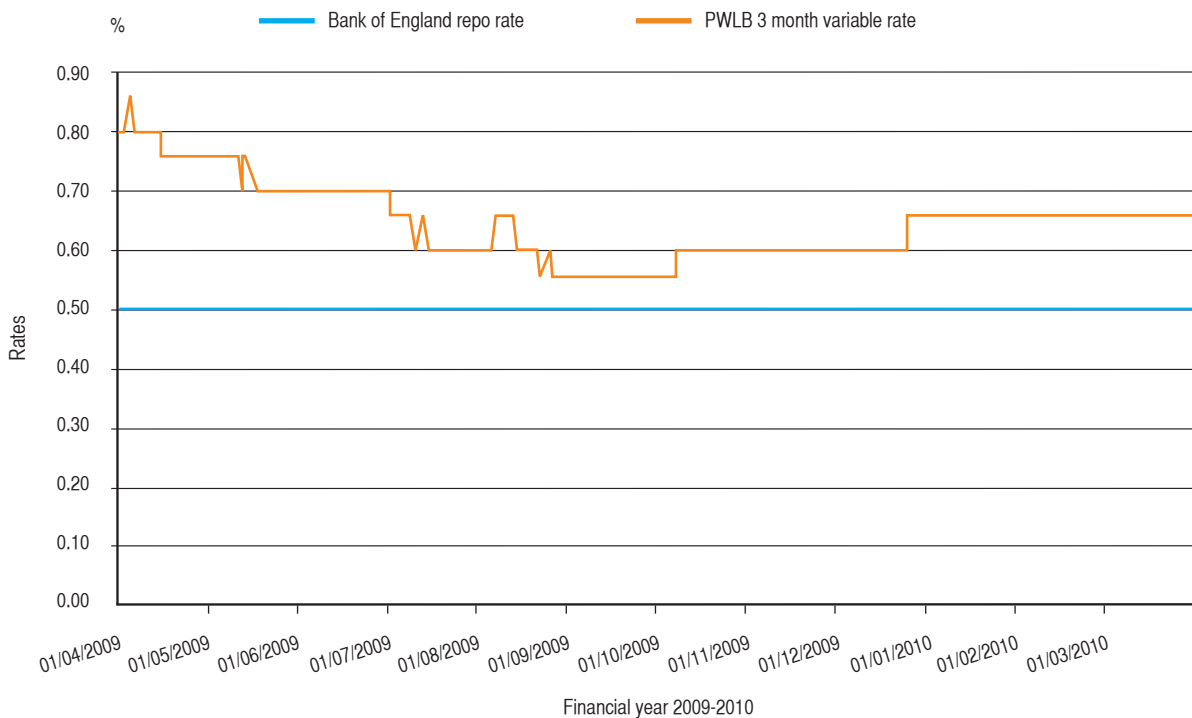


Figure 12: Bank of England repo rate and the 3 month variable rate



### Consultation on fixed rates

The PWLB issued a consultation letter on 28 September 2009, inviting comments on the possibility of PWLB adopting regular intra-day changes to fixed rates. The proposal was for rates to be set at the start of business each day and again at 11am, 1pm, and 3pm. The letter anticipated that, depending on the measures that might be adopted, the differential between loan rates and pre-payment rates would reduce, particularly for longer maturity loans.

In a circular of 22 March 2010, the PWLB announced that from 26 April 2010, rates would be set twice each business day. These rates would be published at 9.30am and 12.30pm, with the number of intra-day changes to rates being increased to three in due course.

### Transfers of debt

The PWLB is prepared to accommodate borrowers by transferring debt if appropriate, for example following local government reorganisation. No authorities transferred debt during 2009-2010.

### Service performance

The PWLB sets itself performance targets for advancing loans and arranging premature repayments. Applications are processed according to the timetable set out in the PWLB's circulars. There was no occasion during the year when the PWLB failed to meet these targets.

### Information technology

During the year, work continued on completing the PWLB's migration to a new IT system.

**Mark Frankel**  
**Secretary, Public Works Loan Board**  
**4 June 2010**



# Statement of Secretary's responsibilities

The Public Works Loan Board prepares accounts under section 3 (6) of the National Loans Act 1968.

## Statement of Secretary's responsibilities

Under Section 3 (6) of the National Loans Act 1968 the Commissioners are required to prepare for each financial year a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Public Works Loan Board and its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Secretary is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and

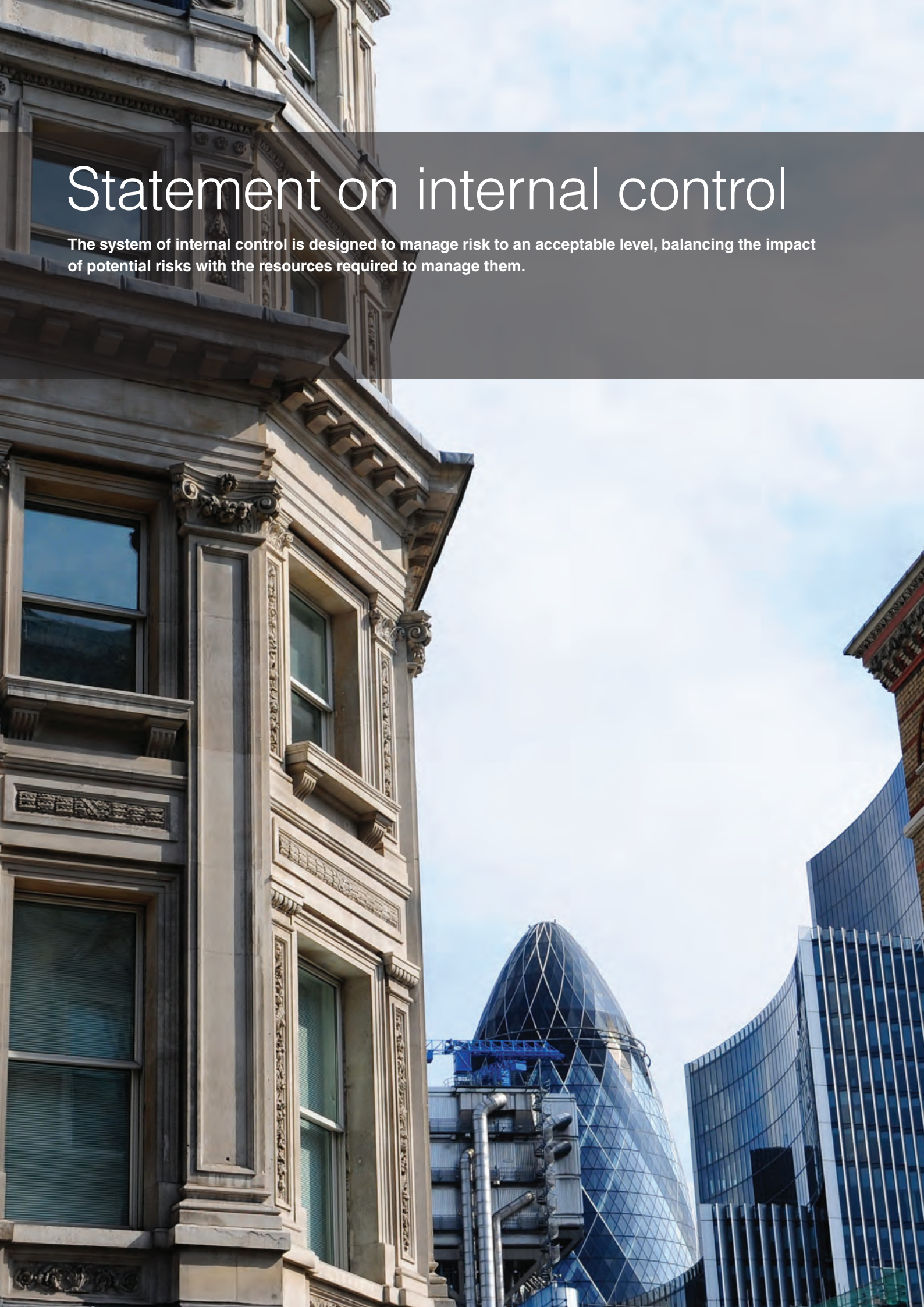
- prepare the accounts on a going concern basis.

The Commissioners have appointed the Secretary to discharge their residual statutory responsibilities, a role that is analogous to acting as an Accounting Officer. The responsibilities of the Secretary, including responsibility for the propriety and regularity of the public finances for which the Secretary is answerable, for keeping proper records and for safeguarding the Public Works Loan Board's assets, are set out in an Accounting Officer Memorandum issued by HM Treasury and published in Managing Public Money.



# Statement on internal control

The system of internal control is designed to manage risk to an acceptable level, balancing the impact of potential risks with the resources required to manage them.





## Statement on internal control

### Scope of responsibility

The Public Works Loan Board Commissioners have appointed me as Secretary to the Board. I am responsible for ensuring that appropriate advice is given to the Commissioners on all matters relating to financial propriety and regularity, for keeping accounts and submitting them for external audit by the Comptroller and Auditor General and for the efficient and effective use of resources and ensuring that the business is managed within the appropriate control framework.

The PWLB is a separate statutory entity managed within the control framework of the United Kingdom Debt Management Office (DMO). While I am responsible for the PWLB's system of internal control, the Accounting Officer of the DMO is responsible for the wider control framework within which the PWLB is managed. In discharging my own control responsibilities I take assurance on the continued sound maintenance of the wider control framework from the statement on internal control for the DMO, although I understand that only reasonable and not absolute assurance can be given that risks have been controlled.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Applicable elements of the DMO's system of internal control are incorporated into the PWLB's processes,

including loans being confirmed by a separate team and payments also being verified and released by non-PWLB staff. In addition the DMO's Business Continuity Plan takes full account of the PWLB's needs and is subject to continual review and update.

The system of internal control has been in place in the DMO for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

### Capacity to handle risk

During the year, the DMO has produced a formal risk management framework document, which includes the PWLB's activities. This document, which was agreed by the DMO's Managing Board, summarises at a high level the principles which govern the DMO's approach to risk management, the different types of risk that the DMO manages, and the various mechanisms that the DMO employs to ensure that risks are identified, assessed and managed at all levels within the organisation. The DMO also has more detailed risk management policies and has documented the risk management processes. Elements of these policies have been reviewed and adjusted during the year.

The DMO's Managing Board is responsible for setting strategic direction and considering high-level operational issues. An executive sub-committee of the Managing Board (Sub MB) generally meets weekly. The terms of reference of this committee and those of the Operational Risk and Business Delivery Committees clearly set out their roles and responsibilities for providing the organisational capacity to consider issues and make relevant decisions at the appropriate level.

The Business Delivery Committee, established in September 2009, includes the executive members of the DMO's Managing Board and key business managers. The committee exists to progress and review the status of the delivery of DMO's business

and work plan as a collective cross-functional body, resolving emerging issues together to ensure the business and work plan is delivered in a timely and cost effective manner.

Staff are required to signify that they have read and accepted the DMO's rules on personal dealing and the DMO's policy on the Use of Information Systems and Technology, and that they are aware of, and will continue to keep up to date with, the DMO's policies with respect to whistle blowing, fraud and anti-money laundering. The DMO ensures that the exercise is undertaken on an annual basis in order to maintain a good level of awareness of the DMO's policies in these areas. All members of staff have job descriptions which include reference to the specific key risks they are expected to manage.

Managers in each business function are responsible for ensuring that the operations within their area are compliant with plans, policies, procedures and legislation.

### The risk and control framework

The DMO's formal risk management framework document sets out the various mechanisms for managing its risks, including operational and other risks relating to the PWLB, that are incorporated into its approach to both regular operations and new business initiatives. There are processes in place to ensure regular measurement and monitoring of key business risks. A statement of the risk appetite of the DMO for these risks is included within the risk management framework document.

The DMO's Risk Management Unit (RMU) provides control advice on risks throughout the DMO. In the DMO's management reporting structure, the RMU is separate and independent of the DMO's trading operations. The RMU conducts risk analysis and provides operational risk capability for the DMO.

The identification, monitoring and mitigation of operational risks are facilitated by the RMU, via consultation with heads of business units and functional teams. Regular meetings are held with

heads of business units and functional teams to assess whether risks to their operations are being managed effectively. Significant risk issues are assessed by likelihood and materiality of occurrence. New risks and risks with an increased risk profile are highlighted and actions are taken to ensure effective management of all risks. The DMO has Senior Risk Owners (SROs) who undertake a cross-functional moderation process to promote better prioritisation of operational risks across the organisation. The RMU maintains a central exception log to record all risk incidents raised, in order to identify control weaknesses and assign actions to improve controls. Progress against treatment actions is obtained on a regular basis to ensure issues highlighted by internal and external audit, and other identified actions to improve the control environment, are managed and progressed within agreed deadlines.

The RMU communicates key risk issues to management on a regular basis within a number of forums, to enable management to take informed decisions on risk issues. Key forums are as follows:

- The Operational Risk Committee meets regularly to monitor operational risks and to review significant risk issues, risk incidents and exceptions and progress against treatment actions. This review is supported by regular operational risk reporting produced by the RMU. The Operational Risk Committee replaced the Sub MB & Senior Risk Owners Committee from December 2009. The scope of this meeting has been widened to cover issues relating to Information Risk, IT Security, Business Continuity, Anti Fraud issues and key supplier risks more fully.
- More frequent reporting of progress against treatment actions and reporting of risk incidents has been implemented during the year, and is provided to Senior Risk Owners, Senior Management and Internal Audit.
- A Controls Group meets periodically to review issues affecting the DMO's system of internal control and to analyse material changes to the control environment. The group recommends

actions to management to implement changes where appropriate. The Controls Group consisted of representatives of the DMO teams responsible for finance, risk, control, compliance and internal audit.

- A high level strategic risk report is published to promote awareness of all high level issues and risks that the DMO faces at an organisational level. The report is based on a High Level Risk Register maintained by RMU, and is presented to the DMO's Managing Board on a regular basis.

The PWLB team meets regularly to review risk management issues, including emerging risks, and to agree control improvements and other relevant measures as necessary.

The DMO has policies on anti-fraud measures, money laundering and whistle blowing. The DMO has its own anti-money laundering handbook for staff.

Risks to data and information held by the DMO are owned and managed by designated Information Asset Owners. There is a Senior Information Risk Owner (SIRO) for the DMO, responsible for the information risk policy and risk assessment relating to information, who provides assurance over information risks to the Managing Board.

The DMO has designated IT Security Officers (ITSOs) who are responsible for the DMO's electronic network, including access to information and GSI accreditation. During 2009-2010, the DMO has continued a defined programme of work to deliver IT security improvements.

The DMO continues to work to meet the mandates of the Security Policy Framework, including work on meeting objectives in order to retain the CESG information assurance accreditation it has been granted, and on work towards implementing the Business Classification Scheme project. During 2009-2010, the DMO has also continued to implement the requirements of the Cabinet Office-

led cross-Government Data Handling review, in particular by ensuring all DMO staff completed the computer based training – 'Protecting Government Information'. The actions stemming from the review are predominantly complete with the remainder planned for 2010.

The DMO's Business Continuity Plan (BCP) including Disaster Recovery (DR) site and other arrangements is subject to continual review and update with the DMO taking an active role during the year in progressing BCP improvements. The DMO ensured a programme of DR testing was carried out. Assessment of business continuity requirements is a specific requirement for new projects and major business initiatives.

During the year, audit committee arrangements for HM Treasury group were revised, with the intention of creating greater focus on activities within the DMO, including those of PWLB.

Responsibility for supporting me as Secretary in matters relating to governance, internal control and risk management processes lay with the Exchequer Funds Audit Committee until 31 December 2009 and with the DMO Audit Committee from 1 January 2010.

The membership of the Exchequer Funds Audit Committee during the period to 31 December 2009 was:

Colin Price, Committee Chair, non-executive Director of the DMO's Managing Board and formerly Global Pension Fund Adviser/Finance Director at Shell Pensions Management Services Limited;

Brian Larkman, non-executive Director of the DMO's Managing Board and formerly Global Head of Money Markets at the Royal Bank of Scotland plc; and

Mark Clarke, formerly Director General (Finance and Strategy) at the Department for Business, Enterprise and Regulatory Reform.

The Exchequer Funds Audit Committee met three times between 1 April and 31 December 2009.

The DMO Audit Committee was established with effect from 1 January 2010 and supports the Accounting Officer of the DMO and the Debt Management Account, the Secretary to the Public Works Loan Board and the Secretary and Comptroller General of the Commissioners for the Reduction of the National Debt. Members of the Committee are appointed for periods of up to three years, extendable by no more than two additional three-year periods. There were two Members of the Committee. The Members were:

Brian Larkman, Committee Chair; and

Brian Duffin, non-executive Director of the DMO's Managing Board and formerly Chief Executive of Scottish Life and Executive Director of Royal London Mutual.

The DMO Audit Committee met once between 1 January and 31 March 2010.

### Review of effectiveness

As Secretary, my review of the effectiveness of the system of internal control for the PWLB is informed by the work of the internal auditors and the executive managers within the DMO, who have been delegated responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I inform the Commissioners of details of audit reports and my response to any recommendations.

The DMO's Managing Board met approximately every six weeks and considered risk management and operational control issues throughout the year. To support this, members of the Managing Board received the reports produced for regular meetings of SROs and details of any agreed actions to improve the DMO's risk profile. The Managing Board has also received high level Strategic Risk reports for review on a regular basis. The executive sub-committee of the Managing Board usually met weekly and considered risk and control issues on a regular basis.

The Business Delivery Committee met on a weekly basis from September 2009, and reviewed the status of key projects and business improvement initiatives, reprioritising work as required. The committee challenged budget and resource utilisation to make sure priority projects were appropriately resourced, and provided the necessary management information to the DMO's Managing Board on business plan delivery issues and progress.

The Operational Risk Committee and Senior Risk Owners have advised me during the year on significant operational risk concerns, significant risk issues and trends, as well as actions to mitigate such risks. The Operational Risk Committee (or previously the Sub MB and Senior Risk Owners Committee) met five times during the year.

The Controls Group has advised me on any significant risk concerns relating to the introduction of new business activities as well as risks relating to other change management activities, and has made me aware of actions taken to mitigate identified risks.

The DMO Audit Committee considered the 2009-2010 accounts in draft and provided me with its views before I formally signed the accounts.

The DMO's Risk Management Unit conducts regular controls and compliance testing, providing the executive sub-committee of the DMO's Managing Board with assurance on the effectiveness of operational controls and compliance. No significant internal control failures were identified during the period.

During the period of this statement on internal control, Internal Audit has provided reports on the effectiveness of the risk management, control and governance processes for the DMO to the Audit Committees throughout the period. The audits make a series of recommendations that are addressed as part of our focus on continuous improvement in this area. The audits identified no serious breaches of risk or control systems. The Internal Audit work programme is approved by the Audit Committees at the start of the year.

Internal Audit attended each meeting of the Audit Committees to report the results of audit work and the results of follow-up work on management action to address audit recommendations.

On the basis of Internal Audit work during the year, the Head of Internal Audit has provided assurance to me on the adequacy and effectiveness of the risk management, control and governance arrangements relevant to the accounts, and has confirmed that there were no matters arising from the work of Internal Audit in the period that would give rise to separate comment in the statement on internal control.

**Mark Frankel**  
**Secretary, Public Works Loan Board**  
**4 June 2010**

#### **Significant internal control issues 2009-2010**

No significant internal controls issues in the PWLB were identified in 2009-2010.

In my opinion, the PWLB's system of internal control was effective throughout the financial year 2009-2010 and remains so on the date I sign this statement.



# Certificate and report of the Comptroller and Auditor General





# The Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

**I certify that I have audited the financial statements of the Public Works Loan Board for the year ended 31st March 2010 under the National Loans Act 1968. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them.**

## Respective responsibilities of the Secretary of the Public Works Loan Board and auditor

As described in the Foreword, the Public Works Loan Board Commissioners have a statutory duty to prepare accounts in respect of their transactions. They have appointed the Secretary to the Public Works Loan Board to discharge their responsibilities for the preparation of financial statements in accordance with Section 3 (6) of the National Loans Act 1968 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Secretary is also responsible for preparation of the Foreword. These responsibilities are set out in the statement of Secretary's responsibilities.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Public Works Loan Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Public Works Loan Board; and the

overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Opinion on the financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Public Work Loans Board affairs as at 31st March 2010 and of the operating surplus and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Loans Act 1968 and HM Treasury directions issued thereunder.

## Opinions on other matters

In my opinion:

- the information given in the Foreword and Management commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records or returns; or

- I have not received all of the information and explanations I require for my audit; or

- the statement on internal control does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

### **Amyas C E Morse**

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

8 June 2010





# Financial statements and notes to the accounts

EXCHEQUER

In use





## Statement of comprehensive income

For the year ended 31 March 2010

	Note	2010 £m	2009 £m
Interest income	2	2,891	3,174
<b>Operating income</b>		<b>2,891</b>	<b>3,174</b>
Interest payable to National Loans Fund		(2,891)	(3,174)
<b>Operating surplus</b>		<b>-</b>	<b>-</b>

The notes on pages 42 to 51 form part of these accounts.

## Statement of financial position

As at 31 March 2010

	Note	2010 £m	2009 £m	2008 £m
<b>Assets</b>				
Cash and balances at Bank of England		55	24	29
Loans and advances	4	51,776	51,425	51,344
<b>Total assets</b>		<b>51,831</b>	<b>51,449</b>	<b>51,373</b>
<b>Liabilities</b>				
Amounts owed to National Loans Fund	7	51,831	51,449	51,373
<b>Total liabilities</b>		<b>51,831</b>	<b>51,449</b>	<b>51,373</b>

The notes on pages 42 to 51 form part of these accounts.

**Mark Frankel**  
**Secretary, Public Works Loan Board**  
**4 June 2010**

## Statement of cash flows

For the year ended 31 March 2010

	Note	2010 £m	2009 £m
<b>Net cash flow from operating activities</b>	<b>8</b>	<b>2,540</b>	<b>3,093</b>
<b>Financing activities</b>			
Interest paid to National Loans Fund		(2,887)	(3,214)
Increase in loan principal outstanding to National Loans Fund		378	116
<b>Net cash used in financing activities</b>		<b>(2,509)</b>	<b>(3,098)</b>
<b>Increase/(decrease) in cash</b>		<b>31</b>	<b>(5)</b>

The notes on pages 42 to 51 form part of these accounts.

# Notes to the accounts

For the year ended 31 March 2010

## 1 Accounting policies

### (i) Basis of preparation

The accounts have been prepared in accordance with a direction given by HM Treasury and International Financial Reporting Standards (IFRS) in so far as they are appropriate to the PWLB, under the historical cost convention. In particular, the following standards have been applied:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 7 Cash Flow Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events After the Balance Sheet Date
- IAS 18 Revenue
- IAS 24 Related Party Disclosures
- IAS 32 Financial Instruments: Presentation
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 39 Financial Instruments: Recognition and Measurement

For the year ended 31 March 2009, the accounts were prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP). In particular, the following standards were applied:

- FRS 25 (IAS 32) Financial Instruments: Disclosure and Presentation
- FRS 26 (IAS 39) Financial Instruments: Recognition and Measurement
- FRS 29 (IFRS 7) Financial Instruments: Disclosures

Adoption of IFRS has not resulted in any prior period adjustments, so no comparative balances have been restated.

Certain IFRS have been issued or revised this year, but are not yet effective, which will impact on the PWLB in subsequent reporting periods.

These are:

- IFRS 9 Financial Instruments, which will replace IAS 39.

IFRS 9 is expected to improve and simplify the reporting of financial instruments.

Application of IFRS 9 is required for any reporting period beginning on or after 1 January 2013. Earlier application is permitted.

The PWLB expects to apply IFRS 9 in its 2013-2014 Report and Accounts.

The application of IFRS 9 is not expected to impact on the disclosure of financial instruments reported by the PWLB.

- IAS 24 Related Party Disclosures, which has been revised.

The changes required by the revisions to IAS 24 simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government.

Application of the revised IAS 24 is required for any reporting period beginning on or after 1 January 2011. Earlier application is permitted.

The PWLB expects to apply the revised IAS 24 in its 2011-2012 Report and Accounts.

The application of the revised IAS 24 will permit the PWLB a partial exemption from the disclosure requirements of IAS 24 in relation to the National Loans Fund.

**(ii) Financial assets and income recognition**

The PWLB classifies its financial assets as loans and receivables under IAS 39 (Financial Instruments: Recognition and Measurement), which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The PWLB does not sell financial assets and so does not designate any loans and receivables as available-for-sale or held for trading.

Loans and receivables are recognised when cash is advanced to borrowers and are derecognised when borrowers settle their obligations.

All loans are recognised initially at fair value, normally the amount advanced to the borrower. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the instrument. When calculating the effective interest rate, cash flows are based on the contractual terms of the loan. Owing principally to the long maturities of most loans and the volatile pattern of early repayments, the actual cash flows and the expected lives of the loans cannot be estimated reliably. Thus premiums and discounts on early repayments are recognised when received and paid.

The fair value of loans outstanding, disclosed in Note

5 to the accounts, is calculated as the aggregate net present value of future cash flows on each individual loan. These future cash flows are discounted at the fixed rate offered by the PWLB for a new loan of an equivalent remaining maturity at 31 March 2010.

**(iii) Financial liabilities**

All the PWLB's liabilities relate to monies drawn from the National Loans Fund for the purpose of issuing loans to the PWLB's borrowers. All principal and interest payments receivable by the PWLB, along with any premiums for early redemption, are repayable to the National Loans Fund. Therefore all the PWLB's assets are also liabilities payable to the National Loans Fund. For this reason, the PWLB's liabilities are valued in the same way as the corresponding asset.

Liabilities are recognised when cash is advanced to the PWLB from the National Loans Fund and derecognised when cash is paid back to the National Loans Fund.

**(iv) Statement of changes in equity**

These accounts do not present a statement of changes in equity, since all the funding of the PWLB is provided by the National Loans Fund, and matches the amount loaned by the PWLB to borrowers. The change in net funding is therefore already disclosed in the statement of financial position, which demonstrates the change in amounts owed to the National Loans Fund due to changes in the PWLB's loan portfolio.



## 2 Interest income

	2010 £m	2009 £m
Contractual interest income for fixed rate loans	2,754	2,885
Contractual interest income for variable rate loans	1	3
Premiums received	164	376
Discounts paid	(28)	(90)
	<b>2,891</b>	<b>3,174</b>

## 3 Segmental analysis of interest income by country

	2010 England £m	2010 Wales £m	2010 Scotland £m	2010 Total £m
Fixed rate loans	2,303	180	407	2,890
Variable rate loans	1	-	-	1
	<b>2,304</b>	<b>180</b>	<b>407</b>	<b>2,891</b>

	2009 England £m	2009 Wales £m	2009 Scotland £m	2009 Total £m
Fixed rate loans	2,527	198	446	3,171
Variable rate loans	3	-	-	3
	<b>2,530</b>	<b>198</b>	<b>446</b>	<b>3,174</b>

## 4 Loans and advances

	2010 £m	2009 £m	2008 £m
Fixed rate loans principal	50,711	50,694	50,671
Variable rate loans principal	507	159	75
<b>Loan principal outstanding</b>	<b>51,218</b>	<b>50,853</b>	<b>50,746</b>
Accrued income on fixed rate loans	557	572	597
Accrued income on variable rate loans	1	-	1
<b>Accrued income</b>	<b>558</b>	<b>572</b>	<b>598</b>
<b>Value of loans outstanding</b>	<b>51,776</b>	<b>51,425</b>	<b>51,344</b>

## 5 Loan principal

### 5a Loan principal outstanding - fair value and weighted average interest rate

	2010 Principal	2010 Fair value	2010 Weighted average interest rate
	£m	£m	%
Fixed rate loans	50,711	57,591	5.44
Variable rate loans	507	508	0.66
	<b>51,218</b>	<b>58,099</b>	<b>5.39</b>
	2009 Principal	2009 Fair value	2009 Weighted average interest rate
	£m	£m	%
Fixed rate loans	50,694	60,280	5.52
Variable rate loans	159	159	1.10
	<b>50,853</b>	<b>60,439</b>	<b>5.50</b>
	2008 Principal	2008 Fair value	2008 Weighted average interest rate
	£m	£m	%
Fixed rate loans	50,671	59,371	5.72
Variable rate loans	75	75	5.35
	<b>50,746</b>	<b>59,446</b>	<b>5.72</b>

The fair value is the net present value of all future contractual cash flows for each loan. These cash flows are discounted at the rate at which the PWLB offers new loans of a matching term till maturity.

The weighted average period for which rates are fixed is 25.5 years (2009: 27.0 years) for fixed rate loans.

At 31 March 2010, £38 million of loans (31 March 2009: £96 million) had been confirmed, but not yet advanced. These loans are not included in the statement of financial position.

At 31 March 2010, borrowers had confirmed their intention to repay £nil of loans, which were not yet due (31 March 2009: £234 million). These repayments are not reflected in the statement of financial position.

**5b Loan principal outstanding – maturity analysis**

	2010 Principal outstanding £m	2009 Principal outstanding £m	2008 Principal outstanding £m
Up to 1 month / repayable on demand	78	30	16
In more than 1 month but not more than 3 months	172	81	97
In more than 3 months but not more than 1 year	1,326	1,755	537
In more than 1 year but not more than 5 years	6,321	5,327	3,275
In more than 5 years but not more than 10 years	6,146	5,328	5,328
In more than 10 years but not more than 20 years	9,069	8,228	8,671
In more than 20 years but not more than 30 years	6,556	6,992	8,471
In more than 30 years but not more than 40 years	4,282	4,422	4,325
More than 40 years	17,268	18,690	20,026
	<b>51,218</b>	<b>50,853</b>	<b>50,746</b>

**5c Loan principal outstanding – interest rate profile**

	2010 Principal outstanding £m	2009 Principal outstanding £m	2008 Principal outstanding £m
Up to 1 month / repayable on demand	130	151	51
In more than 1 month but not more than 3 months	346	107	115
In more than 3 months but not more than 1 year	1,588	1,664	551
In more than 1 year but not more than 5 years	6,128	5,279	3,223
In more than 5 years but not more than 10 years	5,851	5,319	5,313
In more than 10 years but not more than 20 years	9,069	8,228	8,671
In more than 20 years but not more than 30 years	6,556	6,993	8,471
In more than 30 years but not more than 40 years	4,282	4,422	4,325
More than 40 years	17,268	18,690	20,026
	<b>51,218</b>	<b>50,853</b>	<b>50,746</b>

This note indicates the period of the next re-pricing date for variable rate loans and the maturity date for fixed rate loans.

**5d Loan principal outstanding - analysis by country**

	2010 Principal outstanding £m	2009 Principal outstanding £m	2008 Principal outstanding £m
England	41,114	40,842	40,383
Wales	2,845	2,955	3,223
Scotland	7,259	7,056	7,140
	<b>51,218</b>	<b>50,853</b>	<b>50,746</b>

**6 New issue, maturity and early redemption of loan principal**

	2010 £m	2009 £m	2008 £m
New loans	5,080	6,360	10,000
Loans maturing	(1,864)	(631)	(729)
Loans redeemed early	(2,851)	(5,622)	(6,434)
<b>Net increase in loans</b>	<b>365</b>	<b>107</b>	<b>2,837</b>

**7 Amounts owed to National Loans Fund**

	2010 £m	2009 £m	2008 £m
Loan principal outstanding to borrowers	51,218	50,853	50,746
Accrued income on loans to borrowers	558	572	598
	<b>51,776</b>	<b>51,425</b>	<b>51,344</b>
Loan repayments not yet surrendered to National Loans Fund	55	24	29
	<b>51,831</b>	<b>51,449</b>	<b>51,373</b>



## 8 Reconciliation of operating income to net cash flow from operating activities

	2010 £m	2009 £m
Operating income	2,891	3,174
Increase in loan principal outstanding to customers	(365)	(107)
Decrease in accrued income	14	26
<b>Net cash flow from operating activities</b>	<b>2,540</b>	<b>3,093</b>

## 9 Risk management

The PWLB's management of its risk exposure is described below.

### Credit risk

Credit risk is the risk that a counterparty will fail to discharge a contractual obligation, resulting in financial loss to the PWLB. Any such loss would be borne by the National Loans Fund.

### Risk measurement

The credit risk exposures of the PWLB are shown below:

	Wholly owned by HM Government	Major local authorities	Parish councils and drainage boards	Harbour boards	Total
	£m	£m	£m	£m	£m
<b>2010</b>					
Cash and balances at Bank of England	55	-	-	-	<b>55</b>
Loans outstanding to borrowers	-	51,418	356	2	<b>51,776</b>
<b>Total</b>	<b>55</b>	<b>51,418</b>	<b>356</b>	<b>2</b>	<b>51,831</b>
Loans confirmed but not advanced	-	38	-	-	<b>38</b>
<b>2009</b>					
Cash and balances at Bank of England	24	-	-	-	<b>24</b>
Loans outstanding to borrowers	-	51,314	107	4	<b>51,425</b>
<b>Total</b>	<b>24</b>	<b>51,314</b>	<b>107</b>	<b>4</b>	<b>51,449</b>
Loans confirmed but not advanced	-	96	-	-	<b>96</b>

The value of the loans above are based on carrying amounts as reported in the statement of financial position.

There were less than £1 million overdue loan repayments at 31 March 2010 (31 March 2009: less than £1 million). All overdue loan repayments at 31 March 2010 have since been paid.

There were no renegotiated loans or assets considered impaired at 31 March 2010 (31 March 2009: nil).

Loans for which payment schedules had been amended in order to facilitate more efficient administration by local authorities are not considered to constitute renegotiated loans in credit risk terms.

The risk of default is not perceived to have increased materially during the year.

The PWLB does not issue any financial guarantees.

### **Risk management**

As stated on page 9, the PWLB Commissioners are legally required before making a loan to satisfy themselves that there is sufficient security for its repayment.

The PWLB obtains all necessary information from borrowers to gain assurance that the authority is acting appropriately and within the framework set out in the PWLB's circulars.

The PWLB lends only to local authorities and other prescribed bodies.

Loans to local authorities, together with related interest, are automatically secured by statute on all revenue streams of the borrower.

Parish, town and community council applicants for loans need a loan sanction from the Department for Communities and Local Government, or, in the case of Welsh councils, the Welsh Assembly Government. Drainage board applicants for loans need a loan sanction from the Department for Environment, Food and Rural Affairs.

Loans to harbour boards are secured on property and are made only with the provision of a guarantee from the local authority. In addition, the business plan is reviewed. No new loans were made to harbour boards in the year ended 31 March 2010 (31 March 2009: nil).

The PWLB does not differentiate borrowers by credit rating.

The PWLB continuously monitors its total lending against a limit set by statute.

### **Market risk**

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises interest rate risk, currency risk and other price risk. The PWLB's activities are not considered to give rise to interest rate risk for the PWLB itself, but rather form part of the interest rate risk profile of the National Loans Fund. Interest rates on the PWLB's lending are set on a day to day basis by the DMO, using a methodology agreed with HM Treasury.

There is no exposure to currency risk or other price risk.

### **Liquidity risk**

Liquidity risk is the risk that the PWLB will encounter difficulty in meeting obligations associated with financial liabilities.

The PWLB's activities are not considered to give rise to liquidity risk for the PWLB itself, but rather form part of the liquidity risk profile of the National Loans Fund. The PWLB's cash flow requirements are forecast and monitored daily.

## **10 Related party transactions**

The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an executive agency of HM Treasury. During the year, the PWLB had a significant number of material transactions with the National Loans Fund, a fund which is administered by HM Treasury. The National Loans Fund lends cash to the PWLB so that it can subsequently lend the cash to its borrowers. In turn the PWLB will return cash to the National Loans Fund as its loans to borrowers are redeemed. The

National Loans Fund facilitated £5,080 million of new lending by the PWLB to borrowers in 2009-2010 and received cash from the PWLB from £4,715 million of redemptions. The total amount owed by the PWLB to the National Loans fund at 31 March 2010 was £51,831 million.

## 11 Date of authorisation for issue

The Secretary of the PWLB has authorised these accounts for issue on 6 July 2010



# Accounts direction



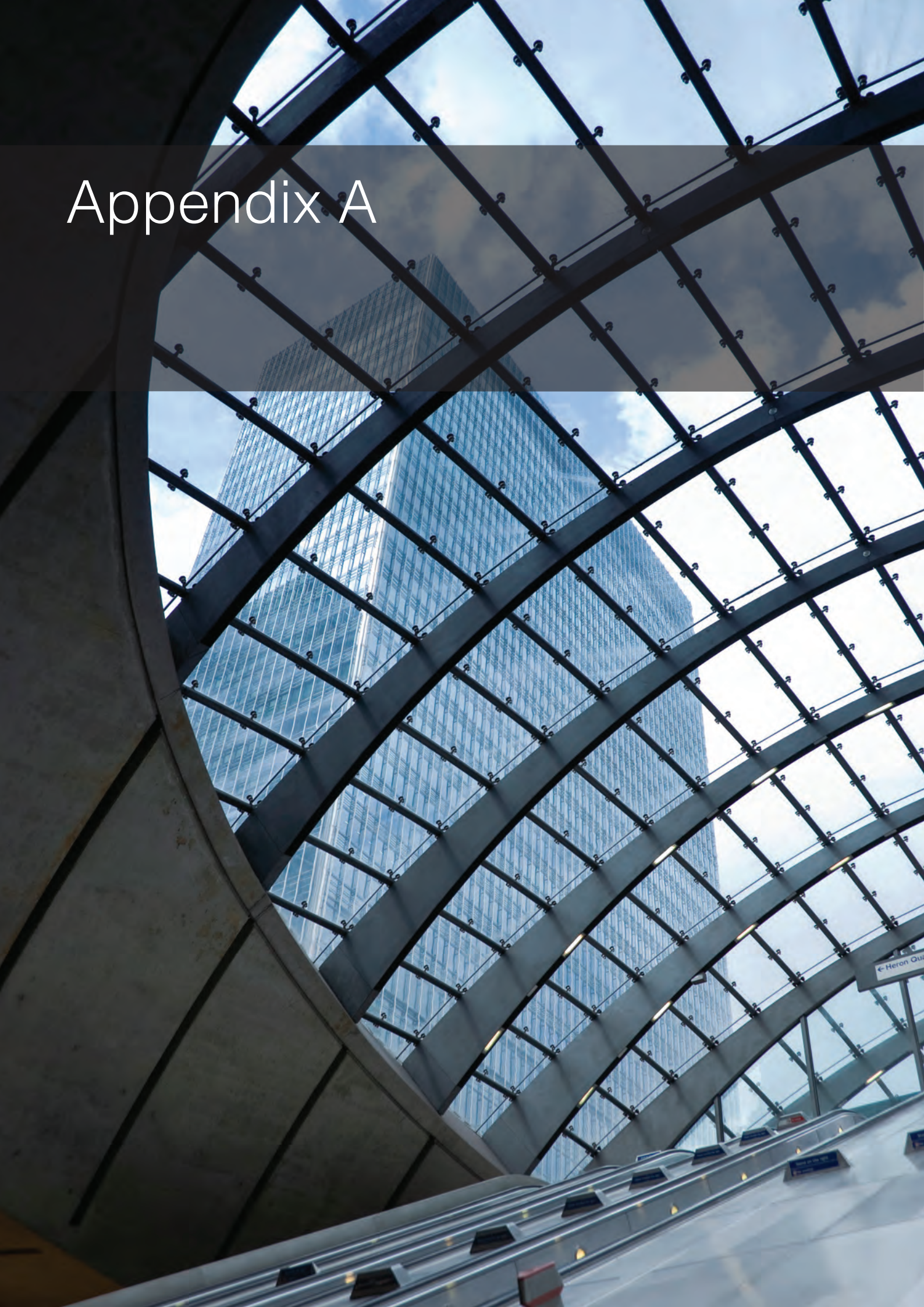


## Accounts direction given by HM Treasury in accordance with section 3 (6) of the National Loans Act 1968

1. This direction applies to the Public Works Loan Board.
2. The Public Works Loan Board shall prepare accounts for the year ending 31 March 2010 and each subsequent financial year, which give a true and fair view of its state of affairs at the reporting date, and of its income and expense and cash flows for the year then ended.
3. The accounts shall be prepared in accordance with applicable accounting standards, and shall be consistent with relevant requirements of the extant Government Financial Reporting Manual.
4. The accounts shall present a statement of comprehensive income, a statement of financial position and a statement of cash flows. The statement of financial position shall present assets and liabilities in order of liquidity.
5. The notes to the accounts shall include disclosure of assets and liabilities, and of income and expense, relating to other central government funds including the National Loans Fund.
6. The report shall include:
  - (i) a foreword
  - (ii) a management commentary, including information on financial performance and financial position; and
  - (iii) a statement on internal control.
7. The accounts direction shall be reproduced as an appendix to the accounts.
8. The accounts direction supersedes that issued on 25 February 2005.

**Chris Wobschall**  
**Head, Assurance and Financial Reporting Policy**  
**HM Treasury**  
**10 March 2010**

# Appendix A





## Appendix A

### Loan principal outstanding for major authorities

<b>Borrower name</b>	<b>Balance at 31 March 2009 £</b>	<b>Advances in 2009-2010 £</b>	<b>Repayments in 2009-2010 £</b>	<b>Balance at 31 March 2010 £</b>
Aberdeen City Council	327,633,691	20,000,000	14,264,506	333,369,185
Aberdeenshire Council	215,966,904	125,000,000	86,877,016	254,089,888
Adur District Council	14,455,326	-	2,000,000	12,455,326
Allerdale Borough Council	16,138,492	-	6,033,672	10,104,820
Amber Valley Borough Council	5,000,000	-	5,000,000	-
Angus Council	120,721,423	23,000,000	18,000,000	125,721,423
Argyll And Bute Council	98,066,091	-	7,000,000	91,066,091
Ashfield District Council	31,302,098	-	-	31,302,098
Ashford Borough Council	4,000,000	-	4,000,000	-
Avon And Somerset Police Authority	20,233,742	5,000,000	737,918	24,495,824
Babergh District Council	1,100,000	-	-	1,100,000
Barking And Dagenham London Borough C	30,000,000	-	-	30,000,000
Barnet London Borough Council	148,000,000	-	1,000,000	147,000,000
Barnsley Borough Council	400,029,463	80,900,000	82,025,571	398,903,892
Barrow-In-Furness Borough Council	29,000,000	-	6,610,266	22,389,734
Basildon District Council	119,325,000	-	7,575,033	111,749,967
Bassetlaw District Council	23,812,500	13,000,000	62,500	36,750,000
Bath & North East Somerset District Cl	60,000,000	-	-	60,000,000
Bedford Borough Council	82,777,460	-	3,933	82,773,527
Bedfordshire And Luton Fire Authority	10,334,800	-	347,800	9,987,000
Bedfordshire Police Authority	3,719,800	2,000,000	-	5,719,800
Bexley London Borough Council	86,268,188	10,000,000	-	96,268,188
Birmingham City Council	1,656,410,000	141,000,700	-	1,797,410,700
Blaby District Council	10,561,310	3,600,000	2,416,867	11,744,443
Blackburn With Darwen Borough Council	90,774,629	-	-	90,774,629
Blackpool Borough Council	112,779,914	-	21,000,000	91,779,914
Blaenau Gwent County Borough Council	118,403,946	-	139,218	118,264,728
Bolsover District Council	19,100,000	-	-	19,100,000
Bolton Borough Council	296,361,617	-	42,310,997	254,050,620
Bournemouth Borough Council	26,500,000	-	2,000,000	24,500,000
Bradford City Council	363,408,999	10,000,000	-	373,408,999
Brent London Borough Council	512,030,000	20,000,000	10,000,000	522,030,000
Brentwood District Council	7,137,000	5,137,000	5,137,000	7,137,000
Bridgend County Borough Council	73,189,757	-	334,640	72,855,118
Brighton & Hove Council	149,896,687	15,000,000	29,150,385	135,746,301
Bristol City Council	275,603,489	50,450,000	61,439,349	264,614,140
Broads Authority	268,250	-	14,500	253,750
Broxtowe Borough Council	16,449,078	2,800,000	2,803,382	16,445,695
Buckinghamshire & Milton Keynes Fire Auth	6,452,000	1,000,000	335,000	7,117,000
Buckinghamshire County Council	152,588,000	-	1,732,000	150,856,000
Burnley Borough Council	23,369,925	2,000,000	3,002,241	22,367,684

<b>Borrower name</b>	<b>Balance at 31 March 2009 £</b>	<b>Advances in 2009-2010 £</b>	<b>Repayments in 2009-2010 £</b>	<b>Balance at 31 March 2010 £</b>
Bury Borough Council	82,535,316	13,700,000	4,348,168	91,887,149
Caerphilly County Borough Council	178,279,523	-	25,599,279	152,680,244
Calderdale Borough Council	120,191,926	-	3,593,958	116,597,967
Cambridgeshire & Peterborough Fire Auth	5,200,000	-	2,000,000	3,200,000
Cambridgeshire County Council	152,838,000	95,000,000	41,195,000	206,643,000
Cambridgeshire Police Authority	8,400,477	4,000,000	328,416	12,072,062
Camden London Borough Council	229,692,040	-	826,167	228,865,873
Cannock Chase District Council	18,690,786	2,400,000	281,536	20,809,250
Canterbury City Council	20,500,000	5,000,000	-	25,500,000
Cardiff Council	348,933,779	20,000,000	7,059,593	361,874,186
Carmarthenshire County Council	254,860,651	-	14,697,274	240,163,377
Castle Point District Council	7,825,112	-	-	7,825,112
Central Bedfordshire Council	142,726,305	35,580,310	35,587,000	142,719,616
Ceredigion County Council	100,027,440	-	13,262,184	86,765,256
Cheltenham Borough Council	11,000,000	-	-	11,000,000
Cheshire East Council	118,459,425	-	6,485	118,452,940
Cheshire Fire Authority	6,439,000	-	-	6,439,000
Cheshire Police Authority	12,686,333	3,700,000	104,444	16,281,889
Cheshire West And Chester Council	118,903,325	-	6,265	118,897,060
Chesterfield Borough Council	30,639,888	1,000,000	1,071,759	30,568,129
Chorley Borough Council	4,633,333	-	2,366,667	2,266,667
City Of Edinburgh Council	853,129,098	150,000,000	51,792,112	951,336,986
City Of Glasgow Council	885,967,683	75,000,000	158,894,138	802,073,545
City Of Lincoln Council	21,362,000	12,500,000	-	33,862,000
Clackmannanshire Council	95,703,612	35,200,000	31,200,535	99,703,077
Cleveland Police Authority	11,428,000	3,272,000	320,000	14,380,000
Co Durham And Darlington Fire Authority	1,922,754	-	118,820	1,803,934
Colchester Borough Council	27,900,000	-	-	27,900,000
Comhairle Nan Eilean Siar	143,329,489	10,000,000	9,604,840	143,724,649
Conwy County Borough Council	82,873,734	-	18,005,317	64,868,417
Corby Borough Council	-	9,600,000	-	9,600,000
Cornwall Council	159,600,000	-	400,000	159,200,000
Council Of The Isles Of Scilly	713,373	-	143,177	570,196
Coventry City Council	239,870,989	-	14,106	239,856,883
Craven District Council	4,988,110	-	-	4,988,110
Croydon London Borough Council	216,800,000	-	61,000,000	155,800,000
Cumbria County Council	232,700,000	37,500,000	-	270,200,000
Cumbria Police Authority	545,000	-	205,200	339,800
Darlington Borough Council	91,642,432	7,000,000	43,881,663	54,760,769
Denbighshire County Council	128,471,287	10,000,000	10,150,783	128,320,504
Derby City Council	343,337,506	10,000,000	87,901,973	265,435,533
Derbyshire County Council	390,143,955	12,500,000	31,620,044	371,023,912
Derbyshire Dales District Council	5,450,000	-	-	5,450,000
Derbyshire Fire Authority	14,120,268	2,000,000	678,928	15,441,340
Derbyshire Police Authority	9,402,935	-	499,429	8,903,506
Devon & Cornwall Police Authority	24,277,600	4,500,000	-	28,777,600

<b>Borrower name</b>	<b>Balance at 31 March 2009 £</b>	<b>Advances in 2009-2010 £</b>	<b>Repayments in 2009-2010 £</b>	<b>Balance at 31 March 2010 £</b>
Devon & Somerset Fire & Rescue Authority	19,281,088	8,365,000	995,423	26,650,665
Devon County Council	518,138,935	-	28,000,000	490,138,935
Doncaster Borough Council	294,442,338	-	-	294,442,338
Dorset County Council	128,227,508	10,000,000	30,592,269	107,635,239
Dorset Fire Authority	7,929,563	-	159,586	7,769,977
Dover District Council	4,002,982	-	758	4,002,224
Dudley Borough Council	195,801,532	-	1,170,149	194,631,383
Dumfries And Galloway Council	135,580,980	5,000,000	10,503,595	130,077,385
Dundee City Council	262,794,309	35,000,000	22,238,442	275,555,867
Durham County Council	298,024,485	-	8,589,357	289,435,128
Dyfed-Powys Police Authority	3,248,442	-	87,257	3,161,186
Ealing London Borough Council	436,646,310	79,000,000	-	515,646,310
East Ayrshire Council	135,229,705	-	26,641	135,203,063
East Dunbartonshire Council	89,606,372	14,500,000	3,018,727	101,087,645
East Hertfordshire District Council	1,894,056	-	394,056	1,500,000
East London Waste Authority	1,609,924	-	-	1,609,924
East Lothian Council	132,207,854	31,000,000	486,293	162,721,561
East Renfrewshire Council	71,417,034	-	2,147,091	69,269,943
East Riding Of Yorkshire Council	143,007,005	-	9,952,974	133,054,031
East Staffordshire District Council	10,980,387	6,070,796	6,032,383	11,018,800
East Sussex County Council	251,302,547	-	22,962,575	228,339,972
East Sussex Fire Authority	11,123,000	-	-	11,123,000
Eastbourne Borough Council	43,194,000	8,000,000	-	51,194,000
Eden District Council	-	550,000	27,500	522,500
Elmbridge Borough Council	5,500,000	-	4,000,000	1,500,000
Enfield London Borough Council	190,347,122	-	-	190,347,122
Essex County Council	263,725,218	15,000,000	34,003,396	244,721,822
Essex Fire Authority	30,400,000	10,000,000	-	40,400,000
Falkirk Council	104,130,047	20,000,000	12,500,000	111,630,047
Fareham Borough Council	123,000	123,000	123,000	123,000
Fenland District Council	7,462,919	-	-	7,462,919
Fife Council	248,180,890	30,000,000	60,072,472	218,108,417
Flintshire County Council	154,662,527	-	-	154,662,527
Fylde Borough Council	1,000,000	2,500,000	-	3,500,000
Gateshead Borough Council	360,201,190	60,000,000	44,793,644	375,407,546
Gedling Borough Council	6,811,577	-	-	6,811,577
Gloucester City Council	29,098,556	-	-	29,098,556
Gloucestershire County Council	337,519,716	-	43,404,821	294,114,895
Gloucestershire Police Authority	8,613,480	-	4,627,000	3,986,480
Gosport Borough Council	11,000,000	12,000,000	8,000,000	15,000,000
Grampian Joint Fire And Rescue Board	10,548,440	-	173,949	10,374,490
Grampian Joint Police Board	8,766,135	-	321,363	8,444,772
Gravesham Borough Council	-	810,000	-	810,000
Great Yarmouth Borough Council	26,022,968	-	3,073,643	22,949,326
Greater Manchester Fire Authority	8,998,000	-	-	8,998,000
Greater Manchester Integrated Transp. Auth	182,581,000	-	-	182,581,000



<b>Borrower name</b>	<b>Balance at 31 March 2009</b>	<b>Advances in 2009-2010</b>	<b>Repayments in 2009-2010</b>	<b>Balance at 31 March 2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Greater Manchester Met Debt Admin Fund	192,783,338	-	8,867,940	183,915,398
Greater Manchester Passenger Transport Exec	17,322,000	-	-	17,322,000
Greater Manchester Police Authority	77,417,666	50,000,000	24,016,667	103,401,000
Greater Manchester Waste Disposal Auth	29,356,000	33,536,000	19,779,000	43,113,000
Greenwich London Borough Council	376,795,886	20,000,000	19,000,000	377,795,885
Gwent Police Authority	4,260,000	-	-	4,260,000
Gwynedd County Council	121,739,457	-	407,158	121,332,299
Hackney London Borough Council	633,111,991	15,000,000	47,160,655	600,951,337
Halton Borough Council	20,000,000	-	10,000,000	10,000,000
Hammersmith And Fulham London Borough C	398,520,100	77,000,000	-	475,520,100
Hampshire County Council	268,000,000	12,000,000	4,000,000	276,000,000
Hampshire Fire And Rescue Authority	6,550,000	900,000	-	7,450,000
Hampshire Police Authority	17,200,000	3,000,000	-	20,200,000
Harborough District Council	1,490,060	-	-	1,490,060
Haringey London Borough Council	508,610,946	20,000,000	17,799,584	510,811,362
Harlow District Council	5,800,000	-	-	5,800,000
Harrogate Borough Council	12,160,836	-	2,006,458	10,154,379
Harrow London Borough Council	135,429,139	-	5,106,229	130,322,910
Hartlepool Borough Council	4,277,617	-	2,500,000	1,777,617
Hastings Borough Council	12,000,000	-	-	12,000,000
Havering London Borough Council	37,986,077	-	-	37,986,077
Hereford & Worcester Combined Fire Auth	13,053,000	3,000,000	1,090,000	14,963,000
Herefordshire Council	103,402,663	10,000,000	255,361	113,147,302
Hertfordshire County Council	157,072,635	-	48,787,769	108,284,866
Hertfordshire Police Authority	16,455,000	-	-	16,455,000
High Peak Borough Council	32,752,711	3,900,000	3,860,207	32,792,504
Highland Council	389,850,649	125,700,000	70,300,000	445,250,648
Hillingdon London Borough Council	149,600,000	60,000,000	85,000,000	124,600,000
Hinckley And Bosworth Borough Council	3,300,000	1,000,000	-	4,300,000
Horsham District Council	4,059,000	4,000,000	4,059,000	4,000,000
Hounslow London Borough Council	191,796,480	-	316,211	191,480,268
Humberside Fire Authority	14,711,755	3,000,000	1,022,075	16,689,680
Humberside Police Authority	9,373,498	-	592,007	8,781,492
Huntingdonshire District Council	10,000,000	-	-	10,000,000
Hyndburn Borough Council	6,700,000	2,700,000	6,700,000	2,700,000
Inverclyde Council	75,782,348	30,000,000	25,002,996	80,779,352
Ipswich Borough Council	32,830,994	-	14,137,506	18,693,488
Isle Of Anglesey County Council	90,122,448	7,500,000	7,288	97,615,160
Isle Of Wight Council	115,888,000	-	3,000,000	112,888,000
Islington London Borough Council	780,104,261	-	8,203,248	771,901,013
Kensington And Chelsea London Borough C	202,720,073	-	10,190,782	192,529,291
Kent And Medway Towns Fire Authority	9,155,000	-	1,050,000	8,105,000
Kent County Council	660,598,611	60,470,000	60,504,864	660,563,747
Kings Lynn and West Norfolk Borough C	-	2,000,000	100,000	1,900,000
Kingston Upon Hull City Council	276,536,077	47,000,000	17,660,164	305,875,913
Kingston Upon Thames London Borough C	91,529,094	-	2,143,199	89,385,896

<b>Borrower name</b>	<b>Balance at 31 March 2009 £</b>	<b>Advances in 2009-2010 £</b>	<b>Repayments in 2009-2010 £</b>	<b>Balance at 31 March 2010 £</b>
Kirklees Borough Council	419,846,830	43,349,000	35,822,508	427,373,323
Knowsley Borough Council	108,536,917	-	4,052,819	104,484,098
Lambeth London Borough Council	664,931,640	-	55,791,324	609,140,316
Lancashire Combined Fire Authority	8,108,818	-	557,818	7,551,000
Lancashire County Council	555,049,586	-	15,029,291	540,020,294
Lancashire Police Authority	25,804,000	-	800,000	25,004,000
Lancaster City Council	39,215,079	-	-	39,215,079
Lee Valley Regional Park Authority	1,288,461	-	26,923	1,261,538
Leeds City Council	856,830,000	120,000,000	108,000,000	868,830,000
Leicester City Council	171,730,678	-	4,530,678	167,200,000
Leicester, Leics & Rutland Fire Auth	5,728,369	1,000,000	-	6,728,369
Leicestershire County Council	228,224,598	15,000,000	27,125,000	216,099,598
Leicestershire Police Authority	12,656,322	-	96,966	12,559,357
Lewisham London Borough Council	243,532,107	30,000,000	8,003,493	265,528,614
Lincolnshire County Council	343,624,328	94,080,160	44,693,489	393,010,999
Lincolnshire Police Authority	17,325,901	2,450,000	1,338,308	18,437,593
Littlehampton Harbour Board	1,617,429	-	70,643	1,546,785
Liverpool City Council	130,000,000	-	-	130,000,000
London Development Agency	389,000,000	-	-	389,000,000
London Fire And Emergency Planning Auth	108,424,000	15,500,000	5,874,000	118,050,000
Luton Borough Council	114,079,319	29,800,000	33,224,097	110,655,222
Manchester City Council	100,336,747	125,000,000	94,239,795	131,096,952
Manchester Port Health Authority	30,553	-	4,461	26,092
Mansfield District Council	49,926,531	-	5,057,002	44,869,529
Medway Council	116,081,487	-	19,604,833	96,476,653
Melton Borough Council	6,988,000	1,600,000	-	8,588,000
Merseyside Fire & Rescue Authority	49,575,000	-	4,000,000	45,575,000
Merseyside Integrated Transport Auth.	249,358,511	-	8,395,297	240,963,215
Merseyside Met Debt Administration Fund	61,800,000	-	4,000,000	57,800,000
Merseyside Waste Disposal Authority	19,044,285	-	142,857	18,901,428
Merthyr Tydfil County Borough Council	80,049,730	-	33,450,239	46,599,492
Merton And Sutton Joint Cemetery Board	251	-	140	112
Merton London Borough Council	90,544,658	-	24,271,638	66,273,020
Metropolitan Police Authority	47,337,616	80,000,000	5,387,616	121,950,000
Mid And West Wales Fire Authority	7,970,142	-	345,359	7,624,783
Mid Suffolk District Council	18,155,912	-	132,296	18,023,616
Mid Sussex District Council	1,618,827	205,000	104,401	1,719,426
Middlesbrough Borough Council	61,000,000	25,000,000	39,000,000	47,000,000
Midlothian Council	141,407,696	20,000,000	40,119,554	121,288,142
Milton Keynes Borough Council	303,204,008	-	20,000,000	283,204,008
Monmouthshire County Council	58,454,045	6,000,000	35,413	64,418,632
Moray Council	104,770,822	5,000,000	15,154,147	94,616,675
Neath Port Talbot County Borough Council	155,800,273	-	9,346,703	146,453,570
Newark And Sherwood District Council	56,158,787	5,000,000	8,010,346	53,148,441
Newcastle Upon Tyne City Council	571,654,768	10,000,000	152,451,703	429,203,065
Newham London Borough Council	624,960,837	-	12,276,670	612,684,167

<b>Borrower name</b>	<b>Balance at 31 March 2009 £</b>	<b>Advances in 2009-2010 £</b>	<b>Repayments in 2009-2010 £</b>	<b>Balance at 31 March 2010 £</b>
Newport City Council	68,575,302	-	-	68,575,302
Norfolk County Council	553,908,510	-	58,860,510	495,048,000
Norfolk Police Authority	17,812,899	-	4,652,000	13,160,899
North Ayrshire Council	132,754,044	22,500,000	20,000,000	135,254,044
North Devon District Council	-	5,000,000	-	5,000,000
North East Derbyshire District Council	31,460,037	4,000,000	4,262,651	31,197,386
North East Lincolnshire Council	49,047,276	-	220,230	48,827,046
North Hertfordshire District Council	3,880,139	-	1,671,404	2,208,735
North Kesteven District Council	16,800,000	-	-	16,800,000
North Lanarkshire Council	296,106,815	55,000,000	7,117,307	343,989,508
North Lincolnshire Council	113,959,397	-	1,298,062	112,661,335
North Somerset Council	104,950,000	18,700,000	15,000,000	108,650,000
North Tyneside Borough Council	230,750,000	40,000,000	6,000,000	264,750,000
North Wales Fire And Rescue Authority	15,013,428	5,395,440	4,437,107	15,971,761
North Wales Police Authority	5,102,886	6,000,000	20,717	11,082,169
North West Leicestershire District C	6,000,000	-	-	6,000,000
North Yorkshire County Council	309,677,859	70,000,000	75,761,445	303,916,414
North Yorkshire Fire & Rescue Authority	11,425,223	490,000	25,415	11,889,808
Northampton Borough Council	-	6,000,000	-	6,000,000
Northamptonshire County Council	280,433,090	110,000,000	110,001,392	280,431,698
Northamptonshire Police Authority	5,798,993	-	-	5,798,993
Northumberland County Council	137,388,430	-	62,076,438	75,311,992
Northumbria Police Authority	32,838,007	20,000,000	9,467,806	43,370,201
Norwich City Council	70,018,955	-	-	70,018,955
Nottingham City Council	430,162,862	83,350,000	71,526,833	441,986,029
Nottinghamshire County Council	146,187,664	40,000,000	4,757,844	181,429,820
Nottinghamshire Fire & Rescue Authority	12,764,736	8,000,000	51,916	20,712,820
Nottinghamshire Police Authority	11,999,503	-	1,271,062	10,728,441
Nuneaton And Bedworth Borough Council	15,750,000	-	3,000,000	12,750,000
Oadby And Wigston Borough Council	2,500,000	-	500,000	2,000,000
Oldham Borough Council	288,731,901	-	60,348,168	228,383,734
Orkney Islands Council	20,000,000	10,000,000	20,000,000	10,000,000
Oxford City Council	7,180,165	-	2,124,000	5,056,165
Oxfordshire County Council	352,382,618	21,710,000	12,000,000	362,092,618
Peak District National Park Authority	657,883	500,000	50,129	1,107,755
Pembrokeshire County Council	85,880,589	-	42,519	85,838,071
Pendle Borough Council	9,859,166	2,000,000	2,750,000	9,109,166
Perth And Kinross Council	127,079,000	58,000,000	42,240,645	142,838,355
Peterborough City Council	117,006,000	-	-	117,006,000
Plymouth City Council	152,500,000	-	123,610,714	28,889,286
Poole Borough Council	20,000,000	-	5,000,000	15,000,000
Portsmouth City Council	180,751,972	3,000,000	3,339,343	180,412,630
Powys County Council	129,863,613	-	10,010,164	119,853,448
Preston City Council	2,239,704	5,000,000	352,139	6,887,565
Reading Borough Council	181,166,667	15,875,000	46,666,667	150,375,000
Redbridge London Borough Council	63,000,000	16,000,000	6,000,000	73,000,000

<b>Borrower name</b>	<b>Balance at 31 March 2009 £</b>	<b>Advances in 2009-2010 £</b>	<b>Repayments in 2009-2010 £</b>	<b>Balance at 31 March 2010 £</b>
Redcar And Cleveland Borough Council	47,056,312	14,000,000	18,855,703	42,200,608
Renfrewshire Council	223,956,612	-	28,447,317	195,509,295
Rhondda Cynon Taff County Borough C	131,767,166	-	9,470,000	122,297,166
Ribble Valley Borough Council	649,239	-	71,108	578,131
Richmond Upon Thames London Borough Cl	31,847,895	10,000,000	6,000,000	35,847,895
Richmondshire District Council	3,750,000	-	1,500,000	2,250,000
Rochdale Borough Council	233,331,065	45,000,000	10,345,028	267,986,038
Rossendale Borough Council	1,500,000	4,600,000	1,500,000	4,600,000
Rotherham Borough Council	243,296,136	25,000,000	28,660,000	239,636,136
Royal Berkshire Fire Authority	8,042,000	800,000	-	8,842,000
Rugby Borough Council	3,920,934	-	-	3,920,934
Rutland County Council	26,386,323	-	5,000,000	21,386,323
Salford City Council	160,000,000	-	160,000,000	-
Sandwell Borough Council	412,062,964	-	10,000,000	402,062,964
Scarborough Borough Council	5,000,137	-	2,500,029	2,500,108
Scottish Borders Council	120,131,362	-	-	120,131,362
Sedgemoor District Council	4,500,000	-	-	4,500,000
Sefton Borough Council	126,569,747	-	14,634,952	111,934,795
Selby District Council	2,040,788	2,600,000	15,731	4,625,057
Sheffield City Council	735,454,169	25,965,000	25,963,314	735,455,855
Shepway District Council	30,326,052	-	2,119,157	28,206,895
Shropshire & Wrekin Fire Authority	5,810,000	-	-	5,810,000
Shropshire Council	222,978,693	10,900,000	2,650,000	231,228,693
Slough Borough Council	48,506,655	-	3,064,265	45,442,390
Solihull Borough Council	155,250,000	-	33,050,000	122,200,000
Somerset County Council	173,250,000	-	-	173,250,000
South Ayrshire Council	143,733,233	-	15,135,267	128,597,967
South Gloucestershire Council	100,902,941	-	13,451,874	87,451,067
South Kesteven District Council	4,000,000	-	-	4,000,000
South Lakeland District Council	20,500,000	-	-	20,500,000
South Lanarkshire Council	562,839,448	-	11,731,017	551,108,432
South Ribble Borough Council	3,308,000	-	2,836,000	472,000
South Tyneside Borough Council	211,128,295	75,000,000	4,000,000	282,128,295
South Wales Fire and Rescue Authority	23,363,538	14,000,000	6,601,899	30,761,638
South Wales Police Authority	20,913,090	1,671,000	1,632,383	20,951,708
South West Middlesex Crematorium Board	15,715	-	2,495	13,220
South Yorkshire Fire & Rescue Authority	23,668,000	10,000,000	-	33,668,000
South Yorkshire Integrated Transport Auth	25,000,000	-	-	25,000,000
South Yorkshire Met Debt Admin Fund	102,012,247	-	-	102,012,247
South Yorkshire Passenger Transport E	192,375,000	-	-	192,375,000
South Yorkshire Police Authority	32,130,000	-	-	32,130,000
Southampton City Council	99,000,000	45,000,000	32,000,000	112,000,000
Southend-On-Sea Borough Council	125,274,184	30,000,000	-	155,274,184
Southwark London Borough Council	761,708,967	-	-	761,708,967
St Albans District Council	-	1,500,000	-	1,500,000
St Helens Borough Council	70,389,311	-	3,458	70,385,853

<b>Borrower name</b>	<b>Balance at 31 March 2009</b>	<b>Advances in 2009-2010</b>	<b>Repayments in 2009-2010</b>	<b>Balance at 31 March 2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Stafford Borough Council	3,000,000	-	-	3,000,000
Staffordshire County Council	423,992,453	25,000,000	33,962	448,958,490
Staffordshire Police Authority	35,500,000	8,000,000	-	43,500,000
Stevenage Borough Council	-	5,000,000	-	5,000,000
Stirling Council	121,866,252	-	100,000	121,766,252
Stockport Borough Council	214,839,389	20,000,000	348,168	234,491,222
Stockton-On-Tees Borough Council	207,712,181	-	315,168	207,397,012
Stoke-On-Trent & Staffordshire Fire Auth	14,250,000	3,500,000	-	17,750,000
Stoke-On-Trent City Council	219,330,000	-	4,000,000	215,330,000
Strathclyde Fire Board	45,064,717	-	6,739,733	38,324,984
Suffolk County Council	136,592,196	15,000,000	23,503,411	128,088,786
Sunderland City Council	98,500,000	33,000,000	24,000,000	107,500,000
Surrey County Council	423,706,736	-	128,476,487	295,230,249
Sussex Police Authority	4,500,000	-	-	4,500,000
Sutton London Borough Council	49,795,341	-	173,761	49,621,579
Swansea City And County Council	250,706,731	-	5,882,217	244,824,513
Swindon Borough Council	85,475,234	-	12,426,091	73,049,143
Tameside Borough Council	143,945,482	-	12,577,285	131,368,197
Tamworth Borough Council	23,142,194	-	750,000	22,392,194
Taunton Deane Borough Council	12,000,000	6,000,000	6,000,000	12,000,000
Tayside Fire Board	5,500,000	1,500,000	2,800,000	4,200,000
Telford And Wrekin Council	70,024,449	10,000,000	17,000,539	63,023,910
Tendring District Council	22,510,162	-	178,673	22,331,489
Thames Valley Police Authority	35,566,000	11,925,000	15,691,000	31,800,000
Thanet District Council	22,146,218	8,000,000	8,000,184	22,146,034
Thurrock Borough Council	94,365,504	-	10,146,381	84,219,123
Torbay Borough Council	99,337,000	25,000,000	2,000,000	122,337,000
Torfaen County Borough Council	50,816,364	-	8,938,056	41,878,308
Torrige District Council	2,139,383	-	95,576	2,043,807
Tower Hamlets London Borough Council	244,476,155	-	12,901,232	231,574,923
Trafford Borough Council	46,649,803	-	222,138	46,427,665
Transport For London	2,041,026,259	684,439,561	-	2,725,465,820
Tyne And Wear Integrated Transport Auth	110,560,000	-	54,000,000	56,560,000
Vale of Glamorgan Council	98,681,035	-	913,048	97,767,987
Wakefield City Council	160,387,303	-	20,052,881	140,334,422
Walsall Borough Council	115,281,631	-	-	115,281,631
Waltham Forest London Borough Council	242,425,506	55,000,000	853,713	296,571,793
Wandsworth London Borough Council	6,347,373	-	128,288	6,219,085
Warrington Borough Council	20,000,000	18,200,000	-	38,200,000
Warwickshire County Council	305,494,274	30,000,000	45,339	335,448,935
Warwickshire Police Authority	16,115,298	-	811,313	15,303,985
Waveney District Council	37,511,642	10,000,000	16,500,274	31,011,369
Wealden District Council	8,540,917	-	1,002,233	7,538,684
West Berkshire District Council	22,880,491	28,108,000	1,476,640	49,511,851
West Devon Borough Council	2,100,000	-	-	2,100,000
West Dorset District Council	2,000,000	12,000,000	375,000	13,625,000



<b>Borrower name</b>	<b>Balance at 31 March 2009 £</b>	<b>Advances in 2009-2010 £</b>	<b>Repayments in 2009-2010 £</b>	<b>Balance at 31 March 2010 £</b>
West Dunbartonshire Council	137,355,344	51,545,000	51,540,429	137,359,914
West Lothian Council	228,796,121	172,500,000	62,500,000	338,796,121
West Mercia Police Authority	10,800,000	-	800,000	10,000,000
West Midlands Debt Administration Fund	202,826,302	-	4,986,963	197,839,339
West Midlands Integrated Transport Auth	125,193,924	9,500,000	-	134,693,924
West Midlands Police Authority	53,667,000	-	-	53,667,000
West Somerset District Council	5,000,000	-	5,000,000	-
West Sussex County Council	356,099,000	15,000,000	-	371,099,000
West Yorkshire Fire & Rescue Authority	41,057,622	9,500,000	1,235,354	49,322,267
West Yorkshire Integrated Transport Auth	74,000,000	8,000,000	20,500,000	61,500,000
West Yorkshire Police Authority	70,060,557	-	193,267	69,867,291
Western Riverside Waste Authority	7,000,000	10,500,000	4,500,000	13,000,000
Westminster City Council	132,054,747	-	350,126	131,704,620
Wigan Borough Council	355,491,537	-	769,793	354,721,743
Wiltshire And Swindon Fire Authority	5,443,000	1,450,000	250,000	6,643,000
Wiltshire Council	129,256,763	20,000,000	5,038,869	144,217,894
Windsor and Maidenhead Borough Council	44,424,400	-	125,000	44,299,400
Wirral Borough Council	48,728,809	10,000,000	10,000,000	48,728,809
Woking Borough Council	60,000,000	104,346,000	-	164,346,000
Wokingham District Council	28,588,064	-	5,000,000	23,588,064
Wolverhampton City Council	385,950,000	-	9,000,000	376,950,000
Worcester City Council	2,619,776	-	16,531	2,603,246
Worcestershire County Council	216,104,728	10,000,000	43,500,000	182,604,728
Worthing Borough Council	3,275,000	-	725,000	2,550,000
Wrexham County Borough Council	109,792,989	-	741,888	109,051,101
Wycombe District Council	7,000,000	5,000,000	5,000,000	7,000,000
Wyre Borough Council	3,552,000	-	-	3,552,000
York City Council	87,064,956	18,000,000	4,000,000	101,064,956





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