



HM Treasury

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Dear Finance Officer,

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Public Works Loan Board (PWLB) – Change of Governance

1. Local government plays a major role in the construction and maintenance of local infrastructure and other capital assets in line with local priorities. The PWLB function supports this activity by on-lending government borrowing from the capital markets to local authorities.
2. The term 'PWLB' has historically been used to describe the statutory body of the Public Works Loan Commissioners. This Board of Commissioners once used to review individual loan applications, but has not done so since the introduction of the prudential regime in 2004, under which local authorities are responsible for their own spending and borrowing decisions.
3. HM Treasury consulted in 2016 on a proposal to keep the lending function, but reform its governance by abolishing the statutory body of Public Works Loan Commissioners and transferring their power to issue loans to HM Treasury. The rationale was that, while the role of the PWLB Commissioners was no longer required, the functions were still needed and transferring them to HM Treasury would align policy and operational responsibilities. This proposal found broad support, so government resolved to make this change, using powers set out in the Public Bodies Act 2011. The original consultation and the government's response were published [here](#).
4. Parliament has now legislated to make the reform set out in the consultation, with the effect that the powers, duties, assets and liabilities were transferred to HM Treasury on 25 February 2020. The Statutory Instrument that effected this change can be found [here](#).
5. No action is required as a result of this change. This does not affect existing PWLB loans other than to change the formal identity of the lender from the Public Works Loan Commissioners to HM Treasury. Under the terms of the legislation that made this change, individual loan confirmation letters issued by the PWL Commissioners are still valid and do not need to be amended to reflect the formal change in the identity of the lender. The Operational Circular has been updated to reflect this change in governance and can be found [here](#).
6. The day to day operation of PWLB loans will continue to be managed by the Debt Management Office. There are no changes to the lending terms or operational processes as a result of this governance change and local authorities are not required to take any action to continue to have access to borrowing. Existing authorised signatory lists, Direct Debit instructions and other banking arrangements such as account numbers will continue to operate as previously.

Any enquiries about this change should be directed to pwlb@hmtreasury.gov.uk.

Signed,

Local Government & Reform Team, HM Treasury