



HM Treasury

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Dear Chief Finance Officer,

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Public Works Loan Board (PWLB) HRA rate

1. At Spring Budget 2020, the Government announced a new, discounted rate of PWLB lending to support social housing in England, Scotland and Wales. The new Housing Revenue Account (HRA) rate is available for loans arranged on or after 12 March 2020.
2. This new rate will be available to any local authority with an HRA for loans that will finance expenditure within that account. The HRA is a ring-fenced account within a local authority's wider balance sheet that allows social homes and related assets to be managed separately from the rest of the local authority's assets and activities.
3. The value of this discount is 100 basis points below the rate at which the local authority usually borrows from the PWLB. PWLB loans are offered at a fixed margin over prevailing gilt yields. The default lending rate is the Standard Rate, which is 200 basis points (or two percentage points) over the equivalent gilt yield. The PWLB also offers the Certainty Rate, which is 180 basis points over gilt yields, to qualifying local authorities that provide information as required on their plans for long-term borrowing and associated capital spending. Information on the application process for Certainty Rate is available on the website of the Debt Management Office, which manages the day-to-day operations of the PWLB.
4. Local authorities that wish to borrow at the HRA rate should request this when applying to the PWLB in the usual way. This new rate is solely intended for use in the HRA. By requesting a loan at the HRA rate, you, the section 151 officer, are guaranteeing that this borrowing will finance expenditure in your authority's HRA.

Signed,

Local Government & Reform Team, HM Treasury