

PUBLIC WORKS LOAN BOARD



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

Circular No. 115

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QUOTAS FOR 1998-99

1. The Public Works Loan Commissioners have decided that the quota levels in respect of the financial year 1998-99 will be the same as those for 1997-98. The quota formula will continue to provide some incentive to local authorities to apply their set aside provisions to meet credit liabilities, in line with Government intentions.
2. The quota entitlement for each authority will therefore be:
 - (i) for authorities in England and Wales, the sum of
Basic and Supplementary Credit Approvals used in 1998-99
and
Repayments of principal due in 1998-99 on loans borrowed from the Board;
 - (ii) for authorities in Scotland, the sum of
Capital Consent Allocations used in 1998-99
and
Repayments of principal due in 1998-99 on loans borrowed from the Board
less
Scheduled debt amortisation.

The quota will be reduced to the extent, if any, that an overdrawing has occurred in a preceding year and has not been fully adjusted.
3. Quota loans will continue to be made available at either 'Lower' or 'Higher' rates dependent, in England and Wales, on the level of an authority's unapplied provision to meet credit liabilities and, in Scotland, the amount of an authority's unapplied capital receipts.
4. The Commissioners will continue to be prepared to consider making loans in addition to the quota entitlement in a wide range of circumstances, where they deem it appropriate, both in support of the Government's stated policy that the great majority of local authorities' requirements for borrowing should be met by the Board and to assist the management of an authority's debt portfolio. The purposes for which such loans have been granted have included replacement of maturing market debt, replacement of short-term borrowings and moderate assistance towards restructuring an authority's debt portfolio. Authorities are encouraged to approach the Board if they consider they have a requirement not provided for within the quota entitlement. It should be noted, however, that it is unlikely that the Commissioners will grant

additional sums to authorities with external investments if and to the extent it appears to them that these investments could be used instead.

5. The Commissioners are considering a number of minor, but important, modifications to the lending facilities to give increased flexibility, in response to a request from local authority representatives. Further details will be provided in the circular giving the full details of the arrangements for lending to local authorities from 1 April 1998 which will be issued in March.
6. Enquiries relating to this circular may be made to 0171-270-3876/3874.

I H PEATTIE
Secretary

This version has been superseded