



# HM TREASURY

1 Horse Guards Road  
London  
SW1A 2HQ

7 March 2013

Dear Chief Finance Officer,

## **THE PUBLIC WORKS LOAN BOARD (PWLB): CERTAINTY RATE DISCOUNT**

This letter sets out the arrangements for access to the PWLB certainty rate discount from 1 November 2013 for local authorities in England. Arrangements in Scotland and Wales will be set out later in the year.

### **Eligibility**

2. The certainty rate discount will continue to be made available to English, Scottish and Welsh local authorities operating the CIPFA Prudential Code<sup>1</sup> that choose to complete and return a short information form. Providing this information is voluntary; however, all authorities that wish to access the reduced rate will need to complete the form.
3. Given that local authorities' borrowing has an impact on public sector debt, their future borrowing plans form an important part of public expenditure planning. In order for forecasts to be as robust as possible, additional information is sought in return for access to the certainty rate.
4. The Department for Communities and Local Government (DCLG) will coordinate collection of the information in England through the Capital Estimates Return 2013-14 (CER). The deadline for submission of the form to DCLG is 9 April 2013. The form is attached but can also be found at the following web address:

<http://www.gov.uk/local-government-finance-capital-forms>

5. We emphasise that local authorities should have due regard to returning best information in line with annual budget plans. On this basis, access to the certainty rate will not be capped at the PWLB borrowing figures provided by individual local authorities in their returns.

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<sup>1</sup> In England: "a local authority as defined in section 23 of the Local Government Act 2003 and in regulations made under it".



## Access

6. A list of eligible local authorities returning the requested information will be accessible through the PWLB website shortly before 1 November 2013. This will allow local authorities the opportunity to check their status is correct and confirms their access to the certainty rate. Local authorities on the final list will remain eligible for the certainty rate until PWLB close of business on 31 October 2014. Thereafter, annual access to the certainty rate will continue to be dependent on eligible local authorities providing the necessary information each year.
7. It will be for the local authority to confirm that they are eligible for the certainty rate in advance of making a loan application by referring to the list. They will be asked by the PWLB to confirm this in order to secure a loan at the certainty rate.
8. Should a local authority incorrectly state eligibility for a loan at the certainty rate, it will be expected to make immediate premature repayment of the loan and may incur a premium.

Yours faithfully,



**A D Ralph**  
**Local Government & Regions**