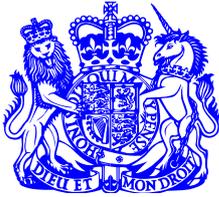


# PUBLIC WORKS LOAN BOARD



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**Circular No. 120**

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

30 March 2000

The Public Works Loan Commissioners have decided that the formula for quotas for the financial year 2000-2001 will be the same as those for 1999-2000. The principle underlying the quota formula will remain that of encouraging local authorities to apply their set-aside provisions to meet credit liabilities, in line with Government intentions.

1. 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 2000-2001 **plus**  
repayments of principal due in 2000-2001 on loans from the Board;

- (ii) for authorities in Scotland, the sum of:

Capital Consent Allocations used in 2000-2001, **plus**  
repayments of principal due in 2000-2001 on loans from the Board **less**  
scheduled debt amortisation.

2. An authority's quota will be reduced to the extent of unadjusted overdrawn in a 'previous year.
3. Quota loans will continue to be made available at either 'Lower' or 'Higher' rates depending on, in England and Wales, the level of an authority's unapplied provision for credit liabilities or, in Scotland, the amount of an authority's unapplied capital receipts.
4. The Commissioners remain willing to consider making loans in addition to the quota entitlement in appropriate circumstances, both to support the Government's stated policy that local authorities' requirements for borrowing should mostly be met by the Board and to assist the management of an authority's debt portfolio. Such loans have previously been granted to replace maturing market debt or short-term borrowings, and to help the restructuring of an authority's debt portfolio.
5. It is open to authorities to approach the Board if they consider they have a requirement not provided for within the quota entitlement. However, 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.
6. As notified in my Circular 119 of 22 February, the Commissioners have agreed that, with effect from that date, they will not normally make loans for periods greater than 25 years. A further circular will be issued shortly, detailing in full the Board's lending arrangements for 2000-01 and reflecting the change notified in Circular 119.
7. Telephone enquiries on this circular may be made to (020) 7270 3876; fax number (020) 7270 3860.

I H PEATTIE  
Secretary