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# Public Works Loan Board 130th Annual Report

**2004–2005**



The **Public Works Loan Board** is a non-Ministerial department operating within the United Kingdom **Debt Management Office**

# **Public Works Loan Board 130th Annual Report**

**2004-05**

Presented to Parliament pursuant to section 5 of the  
Public Works Loans Act 1875

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The Public Works Loan Board is an independent and unpaid statutory body which originated in 1793 and became permanently established in 1817. Since 1946 it has consisted of Commissioners, of whom there are a maximum of twelve at any one time, appointed by the Crown to hold office for four years. Three Commissioners retire each year on 1 April but are eligible for reappointment.

The functions of the Commissioners, derived chiefly from the Public Works Loans Act 1875 and the National Loans Act 1968, are to consider loan applications from local authorities and other prescribed bodies and, where loans are made, to collect the repayments. Nearly all borrowers are local authorities requiring loans for capital purposes. The security for money borrowed by a local authority, together with interest, is charged indifferently on all its revenues; all securities created rank equally without any priority. The Commissioners are legally required before making a loan to satisfy themselves that there is sufficient security for its repayment.

Moneys are provided by Act of Parliament from the National Loans Fund. Rates of interest are determined by HM Treasury. The Board's accounts are audited by the Comptroller and Auditor General, whose reports on them are laid before Parliament.

In July 2002 the Board merged with the UK Debt Management Office (DMO), an executive agency of HM Treasury, since when the Board has been a unit of the DMO operating from its offices. The Commissioners retain their statutory role but expect and require the Board otherwise to be subject to the same controls as apply to the DMO's operations as a whole. In so far as the Secretary relies on the effectiveness of the DMO's internal control framework, he looks to its Chief Executive, as Accounting Officer, to manage the DMO to the standards expected of all departments or agencies as set out in *Government Accounting*.

## The Commissioners holding office during the year were:

<i>Original appointment began</i>		<i>Current appointment ends</i>
	<i>Chairman</i>	
1994	<b>Mr Anthony LOEHNIS, CMG</b> Director, St James's Place Capital plc Former Director, SG Warburg Group plc Former Executive Director, Bank of England	2006*
	<i>Deputy Chairman</i>	
1996	<b>Mr John PARKES, CBE, DL</b> Treasurer and Pro-Chancellor, University of Hull Director, EMIH Ltd Former Chief Executive, Humberside County Council	2008
1997	<b>Mr Brian TANNER, CBE, DL</b> Chairman, Taunton & Somerset NHS Trust Former Chief Executive, Somerset County Council	2005
1997	<b>Mrs Rachel TERRY</b> Associate, Tribal Treasury Services Limited Former Partner, Touche Ross & Company	2007
1998	<b>Mr William MIDGLEY</b> Vice Chair, North East Regional Assembly Former President, North East Chamber of Commerce Former Chief Executive, Newcastle Building Society	2006†
1999	<b>Mr Lawrence NIPPERS, MBE</b> Former Director of Finance and Central Services Newport City Council	2007
2000	<b>Mrs Sarah WOOD</b> Director of Economic and Environmental Policy Local Government Association	2008
2001	<b>Miss Mei Sim LAI, OBE</b> Partner, Pridie Brewster	2005
2001	<b>Mr Gordon EDWARDS</b> Corporate Director for Finance and ICT Aberdeen City Council	2005
2002	<b>Mrs Philippa FOSTER BACK</b> Director, Institute of Business Ethics	2006
2003	<b>Mr Tony CAPLIN</b> Chairman: Ealing Hospital NHS Trust, Norprint Ltd, Coppice Allupack Ltd, Ant Plc, Edengene Ltd Non-Executive Director: Panmure Gordon plc	2007

Officials of the Board were:

*Secretary* **Mr Hamish Watson**  
*Assistant Secretary* **Mr Mark Frankel**  
*Manager, Loans Branch* **Mr Tony Dinnage**

\* resigned March 2005

† resigned June 2004

# Annual Report 2004-05

The Public Works Loan Board, pursuant to section 5 of the Public Works Loans Act 1875, makes the following Report for the financial year ended 31 March 2005.

## Membership of the Board

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By virtue of the Public Works Loans Act 1946 and the Royal Warrants of appointment, the terms of office of Mr Parkes and Mrs Wood expired on 31 March 2004. By Royal Warrant dated 14 June 2004 both were reappointed for a further term of four years.

Mr Midgley resigned from the Board in June 2004 and was not replaced. In March 2005 Mr Loehnis resigned as a Commissioner and Chairman, with the good wishes of his fellow Commissioners and the staff of the Board. He was replaced as Chairman by Mr Parkes, who in turn was replaced as Deputy Chairman by Mrs Terry.

## Statutory provisions for loans

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The loans advanced by the Board are made from funds provided under section 4(1) of the National Loans Act 1968. Amended by section 130 of the Finance Act 1990, this sets a limit of £55 billion on the total of loans outstanding to the Board at any one time, but also contains a provision to alter the limit further to a sum not exceeding £70 billion.

At 31 March 2005, the balance of principal outstanding from borrowers, together with loans committed but not yet advanced, was £42.1 billion (£42,069,895,905), up from last year's figure of £41.3 billion (£41,307,187,583).

## Summary of transactions

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Advances amounting to £5.8 billion (£5,821,978,825) were made in 2004–05. A statement which shows advances made, repayments of principal and interest received during the year and balances outstanding, analysed according to types of borrower in England, Wales and Scotland, appears on pages 6-7 (Table 1). It includes a market valuation of the Board's portfolio, which is equivalent to the redemption value of the portfolio as of 31 March 2005. Appendix A (Table 14) on page 20 gives a historical summary of the Board's lending.

**Table 1: Summary of transactions and balances outstanding**


	In the Year 2004–2005		
	Advances £	Repayments of principal £	Interest received £
<b>Loans on local revenues to:</b>			
<b>Local Authorities in England</b>			
County Councils	1,500,742,542	706,139,042	434,969,780
London Borough Councils	584,388,188	567,022,568	606,936,488
Metropolitan District Councils (a)	1,554,200,942	1,485,293,310	800,428,724
Non Metropolitan District Councils	1,198,484,249	1,093,197,708	413,633,071
Parish and Town Councils	8,210,406	5,176,104	4,237,993
Others	246,929,131	143,985,994	94,902,859
	<b>5,092,955,458</b>	<b>4,000,814,726</b>	<b>2,355,108,915</b>
<b>Local Authorities in Wales</b>			
Principal Councils	357,121,974	389,735,772	209,715,658
Community Councils	672,416	233,662	115,084
Others	10,311,995	3,122,604	2,513,112
	<b>368,106,385</b>	<b>393,092,038</b>	<b>212,343,854</b>
<b>Local Authorities in Scotland</b>			
Principal Councils	360,166,982	645,444,148	485,500,347
Others	750,000	19,799,175	36,041,860
	<b>360,916,982</b>	<b>665,243,323</b>	<b>521,542,207</b>
<b>Total on local revenues</b>	<b>5,821,978,825</b>	<b>5,059,150,087</b>	<b>3,088,994,976</b>
<b>Loans on property to Harbour Authorities</b>			
England	0	5,263	6,560
Wales	0	0	0
Scotland	0	115,153	303,103
<b>Total loans on property to Harbour Authorities</b>	<b>0</b>	<b>120,416</b>	<b>309,663</b>
<b>Total loans on local revenues and on property</b>	<b>5,821,978,825</b>	<b>5,059,270,503</b>	<b>3,089,304,639</b>
<b>Add Totals from 1817 to 31 March 2004</b>	161,306,494,083	119,999,306,500	89,923,875,378
<b>Principal remitted or extinguished</b>			
To 31 March 2004		58,004,941(c)	
In the year 2004–2005		0	
<b>Total at 31 March 2005</b>	<b>167,128,472,908</b>	<b>125,116,581,944</b>	<b>93,013,180,017</b>

(a) Includes authorities administering debt on behalf of former Metropolitan County Councils

(b) See page 18 – Repayments in arrear at 31 March 2005

(c) Includes £55,013,916 extinguished on privatisation of water authorities

(d) Total balance outstanding: market value £49,426,013,418.08

Balances outstanding at 31 March 2005		
Due but not yet paid	Principal Not yet due	Interest Due but not yet paid
£	£	£
0	7,750,660,893	14,671
0	7,696,078,189	0
0	9,521,496,012	0
0	5,697,171,357	0
5,970	69,265,872	6,497
0	1,488,091,561	0
<b>5,970</b>	<b>32,222,763,884</b>	<b>21,168</b>
0	3,047,289,697	0
0	2,054,189	0
0	47,296,064	0
<b>0</b>	<b>3,096,639,950</b>	<b>0</b>
0	6,391,220,187	0
0	354,945,618	0
<b>0</b>	<b>6,746,165,805</b>	<b>0</b>
<b>5,970</b>	<b>42,065,569,639</b>	<b>21,168</b>
0	137,853	0
0	0	0
0	4,182,443	0
<b>0</b>	<b>4,320,296</b>	<b>0</b>
<b>5,970</b>	<b>42,069,889,935</b>	<b>21,168 (b)</b>
<b>5,970</b>	<b>42,069,889,935</b>	<b>21,168</b>
		
42,069,895,905 (d)		

**Loans on local revenues to:  
Local Authorities in England**

County Councils  
London Borough Councils  
Metropolitan District Councils (a)  
Non Metropolitan District Councils  
Parish and Town Councils  
Others

**Local Authorities in Wales**

Principal Councils  
Community Councils  
Others

**Local Authorities in Scotland**

Principal Councils  
Others

**Total on local revenues**

**Loans on property to Harbour Authorities**

England  
Wales  
Scotland

**Total loans on property to Harbour Authorities**

**Total loans on local revenues and on property**

**Add Totals from 1817 to 31 March 2004**

**Principal remitted or extinguished**

to 31 March 2004  
In the year 2004 – 2005

**Total at 31 March 2005**



## Review of 2004–05

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### *Lending arrangements and Circulars*

2004–05 saw the Board introduce new lending arrangements to take account of the ‘prudential’ regime for local government capital finance brought in by the Local Government Act 2003. Circular 135, issued on 16 March 2004, set out the arrangements in detail.

The Commissioners are generally prepared to lend to an authority up to the available capacity in its legal borrowing limit. The Commissioners expect any authority undertaking financial transactions with the Board to act prudently and comply with all relevant legislation. So that the Commissioners can be satisfied about this, when an authority seeks a loan the authority’s applicant is asked to confirm that the authority is complying with the appropriate requirements of the Board’s Circulars and that the application is within the relevant legislation and the council’s borrowing powers. Subject to satisfactory answers and the provision of the further information required for the transaction, loans will be advanced within 48 hours.

Circular 136, issued on 9 December 2004, announced that from 4 January 2005 the Board would adhere to a strict two-day cycle in transactions.

### *Applications for loans*

During the year the Board agreed 781 applications for loans totalling £5.8 billion (£5,821,978,825), 26% up on the previous year’s figure of £4.6 billion (£4,603,252,465).

331 authorities applied for advances, including 193 non-principal authorities. Out of the total of 443 principal authorities, 305 did not apply to the Board during the year, compared with 274 in 2003–04. 153 principal authorities had no debt outstanding to the Board as at 31 March 2005.

Advances to parishes and community councils amounted to £8.9 million (£8,882,822). There were 9 advances to 4 drainage boards in the year amounting to £1.4 million (£1,402,739). There were no advances to harbours.

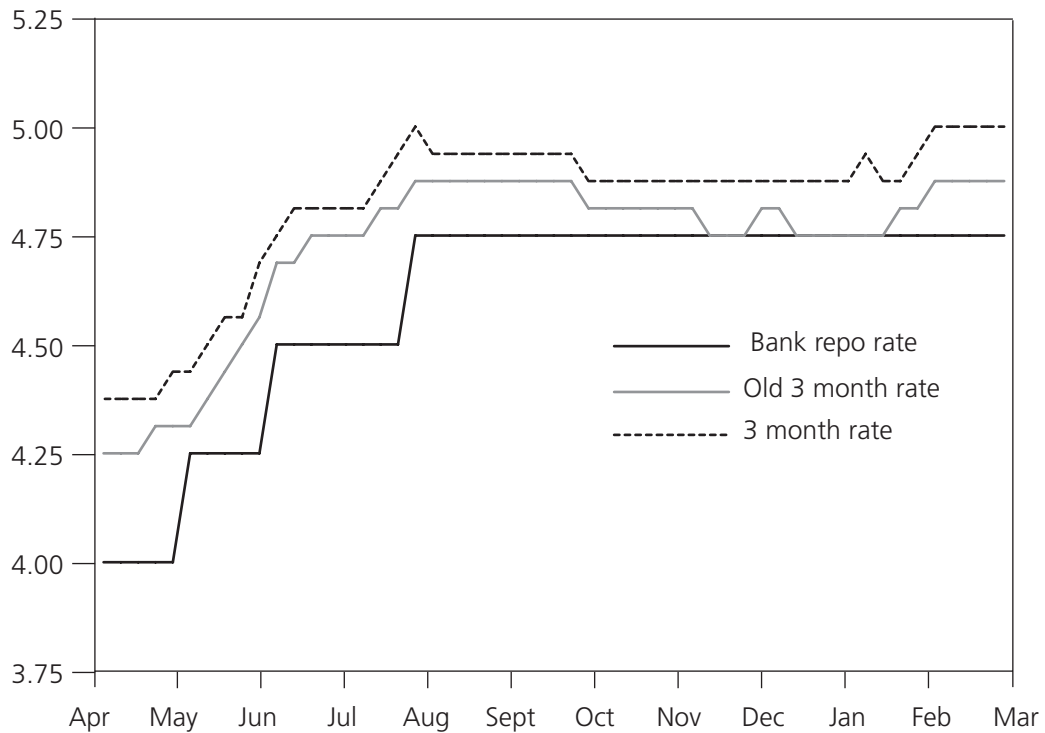
### *Incidence of drawings*

The timing of loan applications was, as usual, closely related to authorities’ perception of current rates and likely movements.

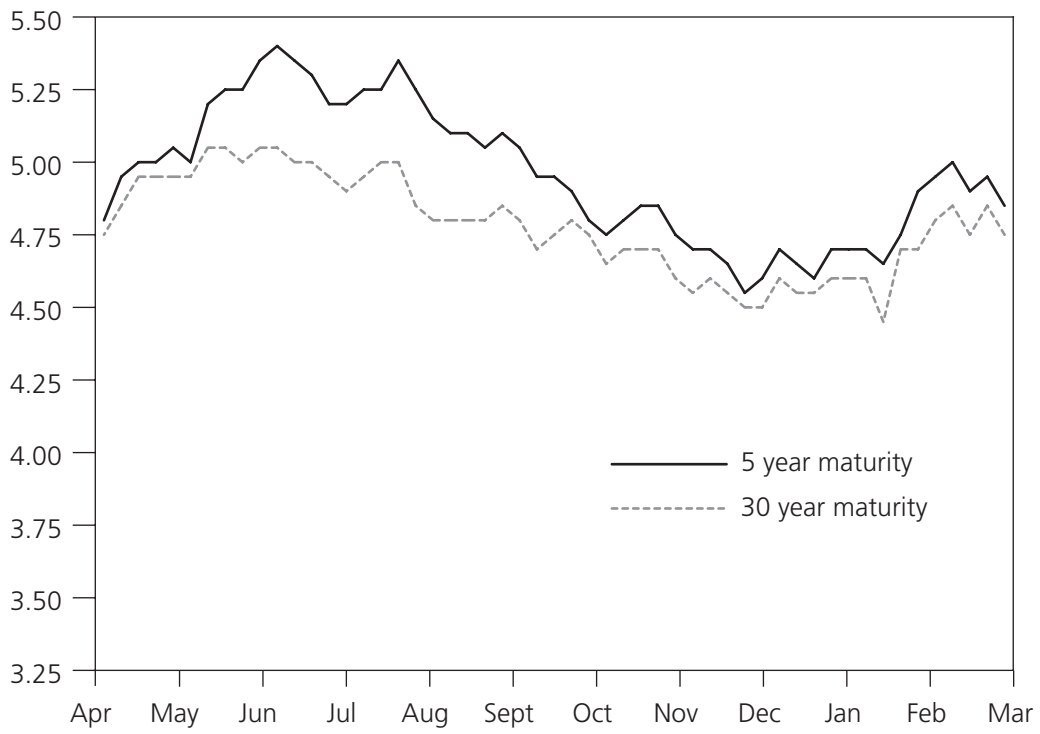
The monthly totals of drawings are listed below in Table 2 on page 9. The relationship between rates of interest and the incidence of advances can be derived from Tables 3–5 on pages 9–11. The high incidence of drawings in December coincided with rates at the long end falling to 4.50% during the month.

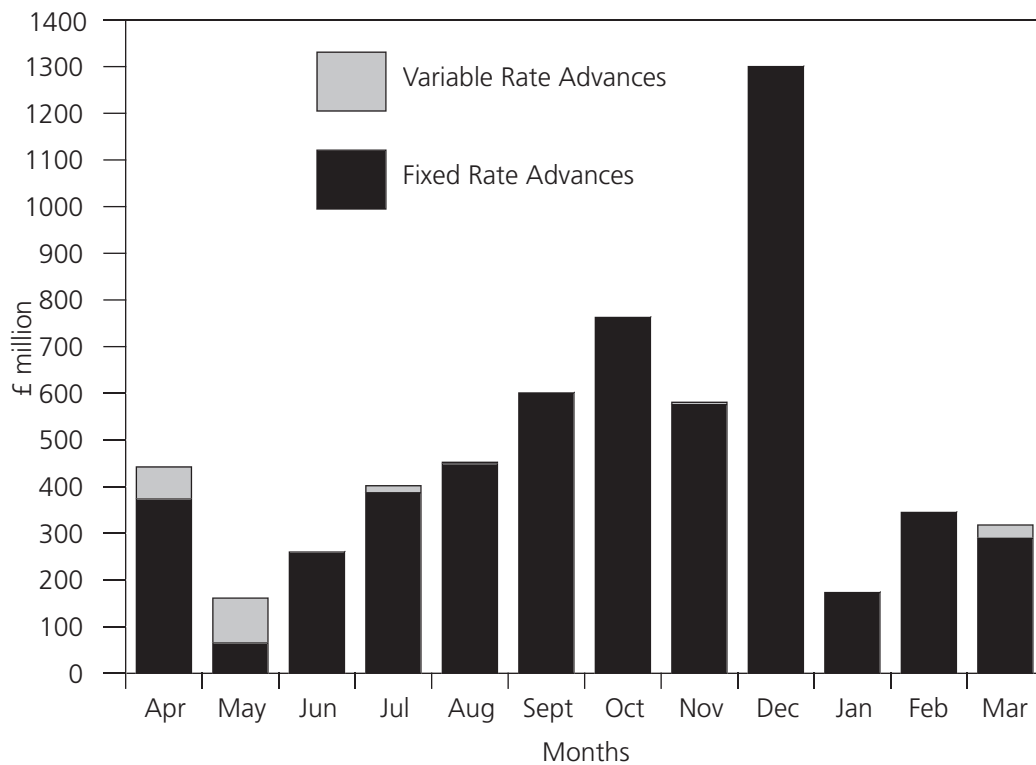
**Table 2: Monthly totals of advances**

	£ million					
	Fixed rate		Variable rate		2004-05 Total	2003-04 Total
	New	Conversions	New	Conversions		
April	373.4	–	34.4	34.3	442.1	148.0
May	64.9	–	23.0	73.2	161.1	439.4
June	259.8	–	–	–	259.8	244.5
July	386.9	–	15.0	–	401.9	573.0
August	433.4	15.0	3.7	–	452.1	211.3
September	590.7	10.0	–	–	600.7	297.5
October	730.5	32.0	–	–	762.5	433.9
November	541.2	34.5	–	–	580.7	333.0
December	1141.2	184.5	–	–	1325.7	348.9
January	144.4	28.6	–	–	173.0	389.2
February	314.3	30.4	–	–	344.7	268.5
March	289.2	–	11.0	17.5	317.7	916.0
	<b>5,269.9</b>	<b>335.0</b>	<b>92.1</b>	<b>125.0</b>	<b>5,822.0</b>	<b>4,603.2</b>

**Table 3: Bank of England Repo rate and the three-month variable rates**

**Table 4: Fixed Rates**



**Table 5: Monthly Advances***Repayment periods*

The average repayment period for new loans was 22.7 years, compared with 13.9 years in 2003–04. Nearly 78% of advances, amounting to £4,523.2 million, were taken for the longest maturity band, 25–30 years. Loans amounting to £525.8 million, 10% of the total, were taken for the minimum period of one year.

*Service performance*

The Board sets itself performance targets for advancing loans and arranging premature repayments. Applications are processed according to the timetable set out in the Board's circulars, which was changed during the year. On no occasion during the year did the Board fail to meet these targets.

## Transactions and other operations in 2004–05

Table 6 below shows gross and net lending for the year. This year’s net lending figure of £762.7 million contrasts with the previous year’s figure of –£3,150 million. Table 7 analyses transactions as between new advances and conversions. As in previous years fixed rate loans accounted for the majority of the advances.

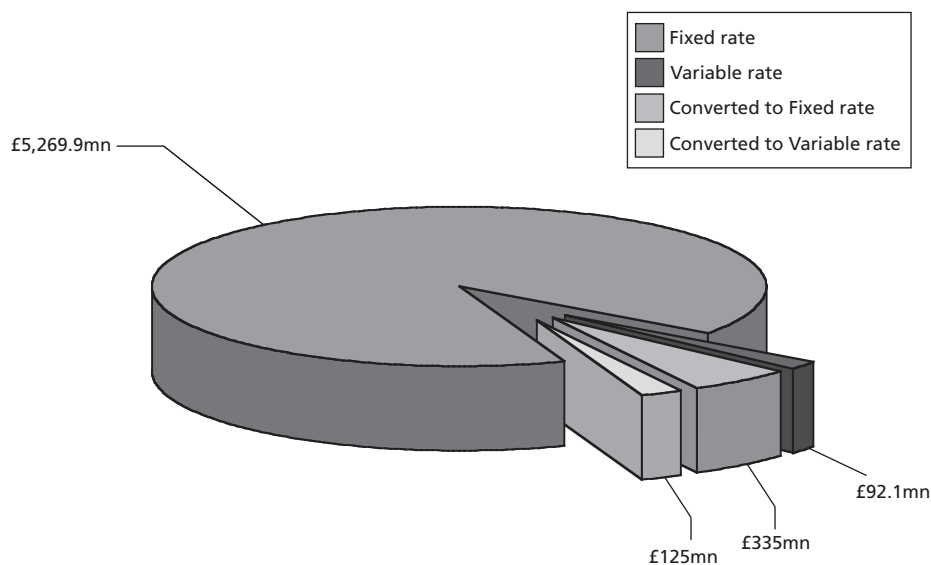
After three successive years of net receiving, in 2004–05 the Board reverted to being a positive lender. This may have been for a variety of reasons, including the opportunities for additional borrowing offered to local authorities by the ‘prudential’ regime, declining appetite for commercial Lender’s Option/Borrower’s Option loans (LOBO’s) and lower receipts from large-scale transfers of council housing.

Advances are analysed in Tables 11–13 on pages 15, 16 and 18. Where appropriate, figures for the preceding year are shown for the purpose of comparison.

**Table 6: Analysis of transactions**

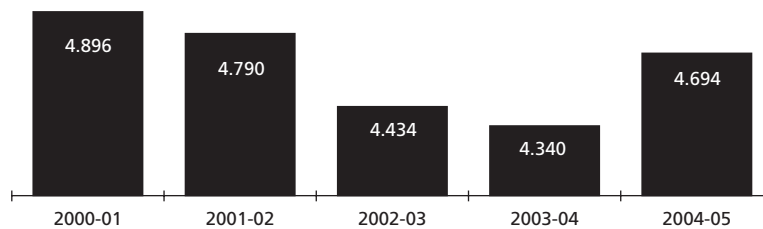
	<b>£million</b>
New advances	5,362.0
Advances: conversions	460.0
<b>Total advances</b>	<b>5,822.0</b>
Scheduled repayments of principal	–1,978.6
Repayments: conversions	–460.0
Premature repayments	–2,620.7
<b>Total repayments</b>	<b>–5,059.3</b>
<b>Net Lending</b>	<b>762.7</b>

**Table 7: Advances and conversions**

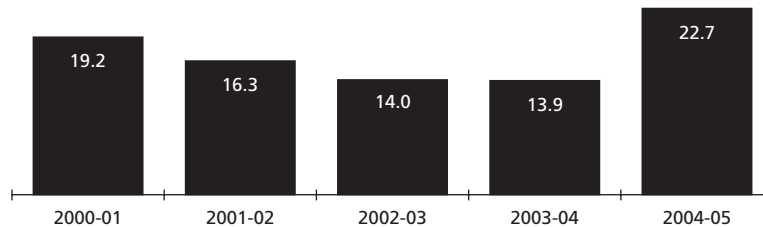


Tables 8 and 9 below illustrate the average rate of interest and the average repayment period for all new loans in each of the last 5 years.

**Table 8: Average rate (%)**



**Table 9: Average period (years)**



The average rate payable on all fixed rate loans outstanding at 31 March 2005 was 6.616%, compared with 6.889% on 31 March 2004. The average rate payable on variable rate loans outstanding at 31 March 2005 was 4.916%, compared with 4.209% twelve months earlier.

Table 10: Type of borrower

	Fixed rate		£ million Variable rate		Totals			
	Converted or		Converted from		2004-05	2003-04		
	New	Refinanced	New	Fixed				
<b>Local authorities in England</b>								
County Councils	1,418.9	54.6	0.0	27.0	1,500.5		1,133.1	
London Borough Councils	537.9	6.5	20.0	20.0	584.4		440.7	
Metropolitan District Councils (a)	1,341.2	172.0	31.0	10.0	1,554.2		885.8	
Non-Metropolitan District Councils	1,088.0	7.5	40.5	62.5	1,198.5		937.1	
Parish Councils	8.2	0.0	0.0	0.0	8.2		11.7	
Others	246.9	0.0	0.0	0.0	246.9		172.0	
	<b>4,641.1</b>	<b>240.6</b>	<b>91.5</b>	<b>119.5</b>	<b>5,092.7</b>	<b>88%</b>	<b>3,580.4</b>	<b>78%</b>
<b>Local authorities in Wales</b>								
Principal Councils	303.8	47.9	0.0	5.5	357.2		252.0	
Community Councils	0.7	0.0	0.0	0.0	0.7		0.3	
Others	9.8	0.0	0.6	0.0	10.4		5.2	
	<b>314.3</b>	<b>47.9</b>	<b>0.6</b>	<b>5.5</b>	<b>368.3</b>	<b>6%</b>	<b>257.5</b>	<b>6%</b>
<b>Local authorities in Scotland</b>								
Principal Councils	313.7	46.5	0.0	0.0	360.2		763.1	
Others	0.8	0.0	0.0	0.0	0.8		2.1	
	<b>314.5</b>	<b>46.5</b>	<b>0.0</b>	<b>0.0</b>	<b>361.0</b>	<b>6%</b>	<b>765.3</b>	<b>16%</b>
<b>Total</b>	<b>5,269.9</b>	<b>335.0</b>	<b>92.1</b>	<b>125.0</b>	<b>5,822.0</b>		<b>4,603.2</b>	

(a) Includes authorities administering debt on behalf of former Metropolitan County Councils.

Table 11: Rates of interest and periods for repayment

		£ million					
		Up to 5 years	Over 5 but not over 10 years	Over 10 but not over 15 years	Over 15 but not over 25 years	Over 25 years	Total 2004-05
<b>Fixed rate loans</b>							
<b>Rate of interest per annum</b>							
4.35	16.0	–	–	–	–	–	16.0
4.40	3.0	–	–	–	–	–	3.0
4.45	59.8	–	–	–	–	–	59.8
4.50	117.5	–	–	–	–	766.0	883.5
4.55	83.0	4.0	–	7.0	675.9	–	769.9
4.60	45.1	18.0	–	15.2	407.3	–	485.6
4.65	77.9	0.3	–	7.9	126.9	–	213.0
4.70	38.8	8.6	1.1	41.1	482.0	–	571.6
4.75	101.0	10.4	7.1	48.2	830.0	–	996.7
4.80	112.6	1.3	4.0	25.1	449.7	–	592.7
4.85	27.7	1.0	–	6.0	123.2	–	157.9
4.90	33.7	8.2	7.1	13.3	50.0	–	112.3
4.95	8.0	5.0	2.7	19.2	279.9	–	314.8
5.00	0.7	10.0	–	25.0	210.8	–	246.5
5.05	4.0	0.6	0.3	5.7	97.5	–	108.1
5.10	5.0	–	0.2	0.6	21.8	–	27.6
5.15	–	–	–	36.0	0.7	–	36.7
5.20	–	–	–	2.1	–	–	2.1
5.25	–	3.1	–	1.6	1.8	–	6.5
5.30	–	0.1	–	0.3	–	–	0.4
5.35	0.1	0.1	0.1	–	–	–	0.3
	<b>733.9</b>	<b>70.7</b>	<b>22.6</b>	<b>254.3</b>	<b>4,523.5</b>	–	<b>5,605.0</b>
<b>Variable rate loans</b>	<b>196.5</b>	<b>20.6</b>	–	–	–	–	<b>217.0</b>
<b>All loans</b>	<b>930.3</b>	<b>91.3</b>	<b>22.6</b>	<b>254.3</b>	<b>4,523.5</b>	–	<b>5,822.0</b>



Table 12: Method and period for repayment

Method of repayment	£ million					Totals			
	Up to 5 years	Over 5 but not over 10 years	Over 10 but not over 15 years	Over 15 but not over 25 years	Over 25 years	2004-05		2003-04	
<b>Fixed rate loans new loans</b>									
Maturity	653.5	66.7	19.6	136.2	4,226.4	5,102.4		1,922.0	
Annuity	2.5	2.1	1.3	9.3	0.6	15.8		53.9	
Equal instalments of principal	29.1	2.0	1.9	108.9	9.8	151.7		165.0	
	<b>685.1</b>	<b>70.8</b>	<b>22.8</b>	<b>254.4</b>	<b>4,236.8</b>	<b>5,269.9</b>	<b>91%</b>	<b>2,140.9</b>	<b>47%</b>
<b>Fixed rate loans converted loans</b>									
Maturity	48.6	–	–	–	286.4	335.0		968.4	
Annuity	–	–	–	–	–	–		21.8	
Equal instalments of principal	–	–	–	–	–	–		22.3	
	<b>48.6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>286.4</b>	<b>335.0</b>	<b>6%</b>	<b>1,012.5</b>	<b>22%</b>
<b>Variable rate loans new loans</b>									
Maturity	77.1	15.0	–	–	–	92.1		360.2	
Equal instalments of principal	–	–	–	–	–	–		2.2	
	<b>77.1</b>	<b>15.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>92.1</b>	<b>1%</b>	<b>362.4</b>	<b>8%</b>
<b>Variable rate loans converted loans</b>									
Maturity	104.4	5.6	–	–	–	110.0		1069.4	
Equal instalments of principal	15.0	–	–	–	–	15.0		18.0	
	<b>119.4</b>	<b>5.6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>125.0</b>	<b>2%</b>	<b>1,087.4</b>	<b>24%</b>
<b>All loans</b>									
Maturity	883.6	87.3	19.6	136.2	4,512.8	5,639.5		4,320.0	
Annuity	2.5	2.1	1.3	9.3	0.6	15.8		75.7	
Equal instalments of principal	44.1	2.0	1.9	108.9	9.8	166.7		207.5	
	<b>930.2</b>	<b>91.4</b>	<b>22.8</b>	<b>254.4</b>	<b>4,523.2</b>	<b>5,822.0</b>		<b>4,603.2</b>	

## Rates of interest

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The Board's interest rates are determined by HM Treasury in accordance with the National Loans Act 1968. Fixed rates are set daily by reference to rates in the secondary market for gilts, to share the benefit of Government borrowing rates within the public sector but in such a way as to ensure that the National Loans Fund makes no loss. Previously, two sets of rates had been determined, Lower and Higher Quota rates, but from the start of the financial year a single set of fixed rates has been determined.

There was one intra-day rate change during the year, on 29 December.

Since 3 October 2000, variable rates have been determined by reference to gilt general collateral repo rates. For variable rate loans in existence before 3 October 2000, rates of interest have been determined by reference to a formula based on the cost of eligible bank bills (the use of which was discontinued with effect from 11 April 2005).

Current and past rates of interest are displayed on the Board's website, [www.pwlb.gov.uk](http://www.pwlb.gov.uk).

## Repayments

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During the year the Board received repayments of principal, both scheduled and early, amounting to £5.1 billion (£5,059,270,503), including £460 million (£459,995,326) for conversions, and interest payments of £3.1 billion (£3,089,304,638).

### *Premature repayments and conversions*

160 authorities prematurely repaid 2,283 fixed rate loans and 15 authorities prematurely repaid 27 variable rate loans. The option to convert a variable to a fixed rate loan or vice versa involves the repayment of an existing loan and the advance of a fresh one. A prescribed fee applies. 12 authorities took advantage of the option to convert 30 fixed rate loans into 14 variable rate loans. This was a marked reduction in fixed rate conversions (FRCs) from 2003–04, when 70 authorities converted 782 existing loans into 154 new ones. On the other hand there was a rise in variable rate conversions (VRCs), 16 authorities converting 41 existing loans into 48 new ones compared with only one VRC the previous year.

Table 13 on page 18 shows principal repaid or converted, premiums paid and discounts allowed.

**Table 13: Early repayments and conversions**

	<b>Principal repaid or converted</b>	<b>Premium paid</b>	<b>Discount allowed</b>	<b>Net premiums/ discounts</b>
	£k	£k	£k	£k
Fixed rate loans	2,494,587	313,547	-27,073	286,474
Variable rate loans	126,135	1	-64	-63
Converted to fixed	335,027	6	-10	-4
Converted to variable	124,969	7,054	-5,867	1,187
<b>Totals</b>	<b>3,080,717</b>	<b>320,608</b>	<b>-33,014</b>	<b>287,594</b>

25 authorities became debt free making a total of 153 (35%) principal authorities with no debt to the Board at the end of the financial year.

### Repayments in arrears

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The amounts of repayments due but not yet paid at the end of the financial year fluctuate from year to year, depending mainly on whether 31 March falls on a banking day (which it did in 2005). All the overdue payments as shown in Table 1 on pages 6-7 were settled early in the following financial year.

### Amalgamation of Repayment Dates; Loan Account Combinations

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The Board offers the facility whereby an authority with a large number of interest repayment dates, perhaps inherited as a result of successive local government reorganisations, may combine these dates into one or more sets for convenience. Similarly, where an authority has a large number of loans with the same method of repayment, rate of interest and date of final payment, the Board offers the opportunity of combining loan accounts. During the year two authorities amalgamated payment dates and one authority combined loan accounts.

### Transfers of debt

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The Board is prepared to accommodate the transfer of debt between authorities following local government reorganisation or for any other reason. During the year, three authorities transferred debt to four other authorities in respect of 27 loans amounting to £60.6 million (£60,552,614).

## Fees

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The scales of fees are determined by HM Treasury, after consulting the Commissioners, to cover the cost of examining applications for loans, making advances and maintaining accounts. The scales, which have remained unchanged since 1991, were as follows:

- Fixed rate loans (both new and refinanced) – 35 pence for every £1,000 or part of £1,000
- Variable rate loans – 45 pence for every £1,000 or part of £1,000
- Minimum fee – £25.

The fee for exercising the option to replace a fixed rate loan with a variable rate loan, or vice versa, was £70.

## Administration

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The DMO has prepared Resource Accounts for the financial year 2004–05 which reflect the operating income and expenditure of the Board. Costs incurred by the DMO for 2004–05 attributable to the Board but excluding shared overheads amounted to £176,000. Fee income for the year totalled £1,890,918. Any surplus income beyond the limit voted by Parliament to offset in-year expenditure will be surrendered to the Consolidated Fund. At 31 March 2005, four full-time equivalent posts were dedicated to the Board's primary functions.

## Appendices

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Appendix A summarises the Board's lending from 1817–18 onwards.  
Appendix B lists the Tables in this Report.

By order of the Board

H D Watson

Secretary

PUBLIC WORKS LOAN BOARD  
UK Debt Management Office  
Eastcheap Court  
11 Philpot Lane  
London EC3M 8UD

17 June 2005

## Appendix A

TABLE 14: Historical Summary of Lending

Year	Loans advanced in year	Principal out-standing at end of year	Repayments received in year		Average rate of interest		Total long term debt of local authorities to PWLB and all other lenders at end of year	Debt to PWLB as a proportion of total local authority long term loan debt
			Principal	Interest	on new advances	on out-standing loans		
	£ million	£ million	£ million	£ million	%	%	£ million	%
1817-18	0.3	0.3	–	–	*	*	*	*
1827-28	0.6	2.1	0.3	0.1	*	3 <sup>1</sup> / <sub>8</sub>	*	*
1837-38	0.4	2.9	0.3	0.1	*	2 <sup>5</sup> / <sub>8</sub>	*	*
1847-48	0.6	4.1	0.2	0.1	*	2 <sup>1</sup> / <sub>2</sub>	*	*
1857-58	0.4	4.0	0.2	0.1	*	3 <sup>1</sup> / <sub>8</sub>	*	*
1867-68	0.8	7.3	0.4	0.2	*	3 <sup>1</sup> / <sub>2</sub>	*	*
1877-78	4.3	20.6	0.6	0.6	3 <sup>1</sup> / <sub>4</sub>	3 <sup>1</sup> / <sub>4</sub>	*	*
1887-88	1.2	28.2	1.7	1.0	3 <sup>5</sup> / <sub>8</sub>	3 <sup>5</sup> / <sub>8</sub>	*	*
1897-98	1.3	23.0	1.0	1.0	2 <sup>7</sup> / <sub>8</sub>	3 <sup>1</sup> / <sub>2</sub>	*	*
1907-08	2.1	49.5	2.4	1.6	3 <sup>5</sup> / <sub>8</sub>	3 <sup>1</sup> / <sub>4</sub>	*	*
1917-18	0.3	42.2	2.9	1.8	4 <sup>5</sup> / <sub>8</sub>	3 <sup>3</sup> / <sub>8</sub>	*	*
1927-28	39.7	239.0	5.6	11.3	5	5 <sup>1</sup> / <sub>4</sub>	*	*
1937-38	22.5	309.3	11.5	14.9	3 <sup>1</sup> / <sub>2</sub>	5	*	*
1947-48	246.1	626.8	13.3	16.9	3	3 <sup>7</sup> / <sub>8</sub>	*	*
1957-58	116.5	3,217.9	85.1	123.8	6	3 <sup>3</sup> / <sub>4</sub>	5,647.5	57.0
1967-68	465.7	4,634.9	112.5	197.9	7	4 <sup>3</sup> / <sub>4</sub>	12,743.1	36.4
1977-78	2,272.7	12,941.0	1,239.6	1,174.8	10 <sup>1</sup> / <sub>8</sub>	9 <sup>3</sup> / <sub>8</sub>	34,264.0	37.8
1987-88	6,346.2	39,356.5	2,243.4	3,675.4	9	9 <sup>7</sup> / <sub>8</sub>	56,616.6	69.5
1997-98	6,394.4	42,917.2	5,563.8	4,081.2	6 <sup>3</sup> / <sub>4</sub>	8 <sup>3</sup> / <sub>4</sub>	50,355.0	85.0
1999-00	6,971.1	46,043.4	5,628.9	4,048.1	4 <sup>5</sup> / <sub>8</sub>	7 <sup>3</sup> / <sub>4</sub>	50,258.0	91.6
2000-01	6,101.2	47,169.5	5,629.3	4,049.6	4 <sup>7</sup> / <sub>8</sub>	7 <sup>1</sup> / <sub>2</sub>	50,981.0	92.5
2001-02	4,442.3	47,045.1	4,566.7	3,684.2	4 <sup>3</sup> / <sub>4</sub>	7 <sup>1</sup> / <sub>4</sub>	51,250.0	91.8
2002-03	5,099.2	44,589.3	7,555.1	4,134.9	4.434	7.036	50,093.0	89.0
2003-04	4,603.2	41,307.2	7,885.3	4,108.9	4.340	6.771	48,911.0	84.5
2004-05	5,822.0	42,069.9	5,059.3	3,089.3	4.694	6.593	51,917.0†	*

Notes:

\* not available

† to December 2004

## APPENDIX B

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### Tables and graphs in this Report

- 1 Summary of transactions and balances outstanding
- 2 Monthly total of advances, by fixed and variable rates of interest
- 3 Bank repo rate and the three-month variable rates: line graph
- 4 Fixed rates: line graph
- 5 Monthly advances: bar graph
- 6 Analysis of transactions
- 7 Advances and conversions: pie chart
- 8 Average rate (%), 2000-01 – 2004-05: bar graph
- 9 Average period (years), 2000-01 – 2004-05: bar graph
- 10 Type of borrower (by category of loan)
- 11 Rates of interest and periods for repayment
- 12 Method and period for repayment
- 13 Early repayments and conversions
- 14 Historical summary