



United Kingdom
**Debt
Management
Office**

Public Works Loan Board Report & Accounts 2010-2011

**Public Works Loan Board
Report and Accounts 2010 – 2011**

Presented to Parliament pursuant to
Section 3(6) of the National Loans Act 1968

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Foreword

The Public Works Loan Board (PWLB) is an independent and unpaid statutory body, which originated in 1793 and became established on a permanent basis in 1817. Since 1946 it has consisted of up to twelve Commissioners appointed by the Crown. The functions of the Commissioners are to consider loan applications from local authorities and other prescribed bodies and, where loans are made, to collect the repayments. The PWLB has operated within the United Kingdom Debt Management Office since July 2002.

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Introduction

This report presents the annual Report and Accounts of the Public Works Loan Board for the year ended 31 March 2011. The accounts have been prepared by the Public Works Loan Board (PWLB) under a direction issued by HM Treasury in accordance with Section 3 (6) of the National Loans Act 1968 ('the 1968 Act'). In addition, the Annual Accounts meet the duty of the Public Works Loan Commissioners, under section 5 (3) of the Public Works Loans Act 1875 ('the 1875 Act'), to report annually to Parliament.

The Report and Accounts show amounts advanced by the PWLB and the repayments received from borrowers. The accounts do not show the resources that have been used to deliver the PWLB's objectives, which are reported in the Debt Management Office Report and Accounts 2010-2011.

Monies are provided by Act of Parliament and drawn from the National Loans Fund. The National Loans Fund is HM Government's main borrowing account and is administered by HM Treasury.

The administration of the PWLB is the responsibility of the United Kingdom Debt Management Office (DMO).

Background of the Public Works Loan Board

The PWLB is an independent statutory body that originated in 1793 and became permanently established in 1817. It dates in its present form from the Act of 1875. Since 1946 it has consisted of a maximum of twelve Commissioners appointed by the Crown to hold office for four years. Retiring Commissioners are eligible for re-appointment.

Commissioners in post

The Commissioners holding office during the year were as shown below.

Original appointment began		Current appointment ends
1996	Chairman - Mr John Parkes CBE DL Former Treasurer and Pro-Chancellor, University of Hull Director, EMIH Ltd Former Chief Executive, Humberside County Council	2013
1997	Deputy Chair - Mrs Rachel Terry Independent consultant, housing finance Former Associate, Tribal Treasury Services Limited Former Partner, Touche Ross & Company	2013

1999	Mr Lawrence Nippers MBE Former Director of Finance and Central Services, Newport City Council	2011
2000	Mrs Sarah Wood OBE Former Director of Economic and Environmental Policy, Local Government Association	2012
2001	Miss Mei Sim Lai OBE DL Principal, Lai Peters & Co. Chartered Accountants	2013
2003	Mr Tony Caplin Chairman, Panmure Gordon plc Chairman, Urban Wimax Chairman, North West London Hospitals NHS Trust	2011
2009	Mr Richard Gibson Former member, Senior Civil Service, Office of the Deputy Prime Minister	2013
2009	Mr John Campbell Former Director of Corporate Resources, Scottish Borders Council	2013
2010	Miss Anna Forge Partner, McGrigors LLP	2014
2010	Mr Keith Starkey Former Chief Executive, Chesham Building Society	2014
2010	Mrs Maureen Wellen Former Assistant Director, Chartered Institute of Public Finance and Accountancy	2014

Officials of the PWLB were:

Secretary	Mr Mark Frankel
Assistant Secretary	Mr Tony Dinnage

The function of the Commissioners

The function of the Commissioners, derived chiefly from the Acts of 1875 and 1968, is 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. The management of credit risk is described in Note 9 to the accounts.

The Commissioners are unpaid and act collectively to discharge their duties. The Commissioners have delegated to the Secretary day-to-day responsibilities for authorising loans and collecting due payments. The Secretary acts as the Accounting Officer of the PWLB and attends meetings of the PWLB, which take place quarterly.

Governance and membership of the Public Works Loan Board

Operationally, the PWLB is a unit of the United Kingdom Debt Management Office (DMO), an executive agency of HM Treasury, and its staff are employees of the DMO. The Commissioners retain their statutory role while expecting the Secretary to supervise the operations of the PWLB 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 required standards.

By virtue of a Royal Warrant dated 20 January 2011 Anna Forge, Keith Starkey and Maureen Wellen were appointed as Commissioners for the period 2010-2014.

Statutory provisions for loans

Section 3 (11) and Schedule 4 of the 1968 Act authorise the Commissioners to make loans to any local authority in Great Britain for any purpose for which the authority has power to borrow and to certain other authorities and persons for limited purposes. The Commissioners also have the powers to lend to harbours.

The amount which the Commissioners may lend, or undertake to lend, is provided by Section 4 of the 1968 Act, which permits the Commissioners to make loans up to a limit of the aggregate of:

- any commitments of the Commissioners outstanding in respect of undertakings entered into by them to grant local loans; and
- any amount outstanding in respect of the principal of any loans.

Section 4(1) of the 1968 Act limits the aggregate amount that may be outstanding in respect of commitments entered into by the Public Works Loan Commissioners. The Local Loans (Increase of Limit) Order 2008 increased that limit from £55,000 million to £70,000 million.

The PWLB borrows from the National Loans Fund in order to fund its loans. All loan repayments to the PWLB are paid over to the National Loans Fund to reduce this borrowing. All interest and premiums on early redemption paid to the PWLB are paid to the National Loans Fund. The PWLB borrows from the NLF in order to fund any discounts payable on early redemptions.

In accordance with Sections 3(2) and 5 of the 1968 Act, interest on loans made by the Commissioners is payable at rates set by the DMO, using methodologies agreed with HM Treasury. Until 26 April 2010, rates were reset daily, but from this date there were two regular intra-daily redetermination of rates, published at 9.30a.m. and 12.30p.m. Determinations include a separate set of rates to apply to early repayments.

The two types of loan available from the PWLB are:

- Fixed rate loans, for which the maximum repayment period is 50 years and on which the rate of interest is fixed for the duration of the loan. Repayments for fixed rate loans are due at half-yearly intervals; and
- Variable rate loans, for which the maximum repayment period is 10 years, and on which the rate of interest may be varied at one, three or six month intervals. Repayments are made at intervals corresponding to that selected for the variation of the rate. Once an interval is chosen, it remains unchanged throughout the life of the loan.

Policy and lending arrangements

The Commissioners are normally prepared to lend to an authority up to the available capacity in its legal borrowing limit as determined under Part 1, Chapter 1 of the Local Government Act 2003. The Commissioners require a verbal statement of confirmation from the borrowing authority, on taking out debt, that it is complying with the appropriate requirements of the PWLB's Circulars and the relevant

legislation with regard to the authority's borrowing powers.

Borrowers can request to repay loans before their due date. The PWLB has discretion to accept early repayments, but only on terms which do not favour the borrower over the National Loans Fund. The PWLB's lending policy and operational arrangements are publicised in Circulars issued with the Commissioners' approval and displayed on the website at www.pwlb.gov.uk.

Audit arrangements

The accounts are audited by the Comptroller and Auditor General in accordance with Section 3 (6) of the 1968 Act.

The Secretary has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the PWLB's auditors are aware of that information. So far as he knows, there is no relevant audit information of which the PWLB's auditors are unaware.

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Management commentary

The Public Works Loan Board received interest income of £2,978 million during 2010-2011. In the year, the Public Works Loan Board agreed new loans to borrowers of £5,255 million. The total of loan principal outstanding at 31 March 2011 was £53,136 million.



Summary of results in 2010-2011

The PWLB received interest income in the year of £2,978 million (2009-2010: £2,891 million). This comprised £2,809 million of contractual interest income (2009-2010: £2,755 million), £179 million of premiums received due to the early redemption of loans (2009-2010: £164 million) and £10 million of discounts paid due to the early redemption of loans (2009-2010: £28 million).

Year on year, the PWLB's interest income increased by £87 million. This was the result of a £54 million increase in contractual interest income, a £15 million increase in premiums received and an £18 million reduction in discounts paid.

The PWLB agreed new loans to borrowers of £5,255 million (2009-2010: £5,080 million).

The PWLB's borrowers redeemed early loans of value £1,730 million in 2010-2011 (2009-2010: £2,851 million).

At 31 March 2011, the PWLB held loan assets outstanding to borrowers of £53,693 million (31 March 2010: £51,776 million), inclusive of accrued income receivable of £557 million (31 March 2010: £558 million). The PWLB also held a cash balance of £51 million (31 March 2010: £55 million) comprising monies in transition between the National Loans Fund and the PWLB's borrowers.

Figure 1 sets out the advances made, the repayments received and the loan amounts outstanding according to types of borrower in England, Wales and Scotland. It includes the fair value of the PWLB's loan portfolio, which is equivalent to the net present value of all future contractual cash flows for each loan.

At 31 March 2011, the average period to maturity of fixed rate loans had fallen to 24.5 years (31 March 2010: 25.5 years). There had also been a reduction in the weighted average interest rate of the PWLB's loans outstanding at the balance sheet date to 5.20% (31 March 2010: 5.39%).

The assets of the PWLB are funded by borrowing from the National Loans Fund. Therefore all the PWLB's assets are matched by a corresponding liability to the National Loans Fund.

The PWLB's fee income and administrative expenditure are accounted for within the DMO's overall budget, as agreed with HM Treasury. In 2010-2011, the DMO received fees and charges of £1.9 million from the PWLB's borrowers in respect of new loans issued (2009-2010: £1.8 million).

Factors influencing financial performance

Movements in the PWLB's statement of financial position and its corresponding pattern of income are driven by the demand for new loans and the repayment (early or otherwise) of existing loans. The demand for new loans is influenced by local authorities' need for capital finance, changes in market borrowing rates and borrowers' expectation of future interest rate changes. These factors, considered alongside any premium or discount payable for early redemption and the rates available for money on deposit, also influence the pattern of demand for early redemption of existing loans and for refinancing.

Figure 1: Summary of transactions and balances outstanding

	In the year 2010-2011			Balances outstanding as at 31 March 2011		
	Advances £	Repayments of principal £	Repayments of interest £	Principal due but not yet paid £	Principal outstanding £	Interest due but not yet paid £
Loans on local revenues to:						
Local authorities in England						
County Councils	918,005,000	606,721,820	485,835,470	-	9,385,027,345	-
GLA and London Borough Councils	1,412,000,000	441,255,842	571,722,551	-	9,499,860,771	-
Metropolitan District Councils (a)	731,840,000	939,960,911	686,916,740	-	10,841,758,347	-
Non-Metropolitan District Councils	717,282,602	819,584,319	372,230,521	-	6,841,709,948	-
Parish and Town Councils	20,183,947	6,163,692	5,134,836	15,170	110,864,491	16,432
Others	441,573,250	91,043,333	259,842,107	18	5,770,951,123	1
	4,240,884,799	2,904,729,917	2,381,682,225	15,188	42,450,172,025	16,433
Local authorities in Wales						
Principal Councils	59,529,000	169,922,066	168,343,157	-	2,636,566,338	-
Community Councils	213,400	252,126	202,434	-	4,014,303	-
Others	10,653,000	12,358,522	3,951,087	-	92,107,723	-
	70,395,400	182,532,714	172,496,678	-	2,732,688,364	-
Local authorities in Scotland						
Principal Councils	943,458,000	206,397,030	398,894,917	-	7,709,085,810	-
Others	-	43,274,967	25,407,193	-	241,828,816	-
	943,458,000	249,671,997	424,302,110	-	7,950,914,626	-
Total loans on local revenues	5,254,738,199	3,336,934,628	2,978,481,013	15,188	53,133,775,015	16,433

	In the year 2010-2011			Balances outstanding as at 31 March 2011		
	Advances £	Repayments of principal £	Repayments of interest £	Principal due but not yet paid £	Principal outstanding £	Interest due but not yet paid £
Loans on property to harbour authorities						
England	-	3,268	2,520	3,344	105,701	2,444
Wales	-	-	-	-	-	-
Scotland	-	74,549	136,549	-	2,010,783	-
Total loans on property	-	77,817	139,069	3,344	2,116,484	2,444
Total loans on local revenues and property	5,254,738,199	3,337,012,445	2,978,620,082	(b) 18,532	53,135,891,499	(b) 18,877
Add Totals from 1817 to 31 March 2010	209,874,470,365	158,656,585,384	111,901,959,854			
Principal remitted or extinguished						
To 31 March 2010		(c) 58,004,941				
In the year 2010-2011		-				
Total at 31 March 2011	215,129,208,564	161,935,592,888	114,880,579,936			

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

(b) Repayments in arrear at 31 March 2011, arose for reasons of timing: see page 23.

(c) The principal remitted or extinguished up to 31 March 2010 includes £55,013,916 extinguished on privatisation of water authorities.

The net present value of future contractual cash flows of this portfolio of loans at 31 March 2011 was £61,061,736,534.

Applications for loans

The PWLB agreed 489 applications for loans (2009-2010: 586 applications), totalling £5.3 billion (2009-2010: £5.1 billion). 301 authorities applied for advances (2009-2010: 320 authorities), including 134 non-principal authorities (2009-2010: 143 non-principal authorities). Of the 539 principal authorities, 372 did not apply to the PWLB during the year. 146 principal authorities had no debt outstanding to the PWLB as at 31 March 2011.

Loan applications - the third question

A local authority applying for a loan is asked the following questions:

- Is your authority complying with the appropriate requirements of the PWLB's current circulars?
- Is this application within the relevant legislation and your council's borrowing powers?

The authority is also asked for its Authorised Limit for Borrowing and Headroom, which is the difference

between the Authorised Limit and outstanding debt.

From 22 June 2010, applicants have been asked a further question:

- By when does the Director of Finance expect the loan to be entirely applied to expenditure?

The answer is expressed in terms of the number of months from the point of application. The information is to support HM Government's plans to ensure that taxpayers' money is being spent responsibly and transparently and supports efforts to tackle the structural deficit by improving forecasting of the timing of local authority borrowing and spending.

Review by type of borrower

Figure 2 shows loan advances made by the PWLB in 2010-2011 by type of borrower.

There were 10 advances to drainage boards, totalling £2 million (2009-2010: £6 million). As in 2009-2010, there were no advances to harbours.

Figure 2: Amounts advanced by type of borrower

	Fixed rate		Variable rate		Totals (£m)
	New (£m)	Conversions (£m)	New (£m)	Conversions (£m)	
Local Authorities in England					
County Councils	737	-	181	-	918
GLA and London Borough Councils	1,402	-	10	-	1,412
Metropolitan District Councils (a)	722	-	10	-	732
Non-Metropolitan District Councils	679	10	28	-	717
Parish and Town Councils	20	-	-	-	20
Others	360	-	82	-	442
	3,920	10	311	-	4,241
Local Authorities in Wales					
Principal Councils	36	-	13	10	59
Community Councils	-	-	-	-	-
Others	9	-	2	-	11
	45	-	15	10	70
Local Authorities in Scotland					
Principal Councils	910	-	34	-	944
Others	-	-	-	-	-
	910	-	34	-	944
	4,875	10	360	10	5,255

(a) includes authorities administering debt of former Metropolitan County Councils

The balances outstanding of the major authorities at the start and end of the year are shown in Appendix A.

Types of loans, periods, rates and incidence of drawings

The monthly totals of loan advances, and its effect on the PWLB's loan portfolio, can be seen in Figure 3. The principal balance outstanding to the PWLB at 31 March 2011 was £53.1 billion (31 March 2010: £51.2 billion). The high level of advances in May was principally due to £1 billion of borrowing by London authorities.

The relationship between rates of interest and the term till maturity of advances for fixed rate loans can be seen in Figure 4. Figure 5 shows amounts advanced monthly for fixed rate loans and their interest rates. Figure 6 provides a monthly profile of advances and their term till maturity.

The appetite for variable rate loans in 2010-2011 is demonstrated in Figure 7. The PWLB advanced £370

million of variable rate loans, including converted loans (2009-2010: £450 million).

Figure 8 shows the pattern of rates and the term till maturity of advances in the last five years.

The continuing popularity of maturity loans is shown in Figure 9.

The average repayment period for new loans was 17.6 years (2009-2010: 15.1 years). Loans with a value of £446 million (2009-2010: £267 million), or 8% of the total (2009-2010: 5%), were taken for the maximum period of 50 years. Loans amounting to £200 million (2009-2010: £143 million), 4% of the total (2009-2010: 3%), were taken for the minimum period of one year.

Figure 3: Principal outstanding and advanced, month by month

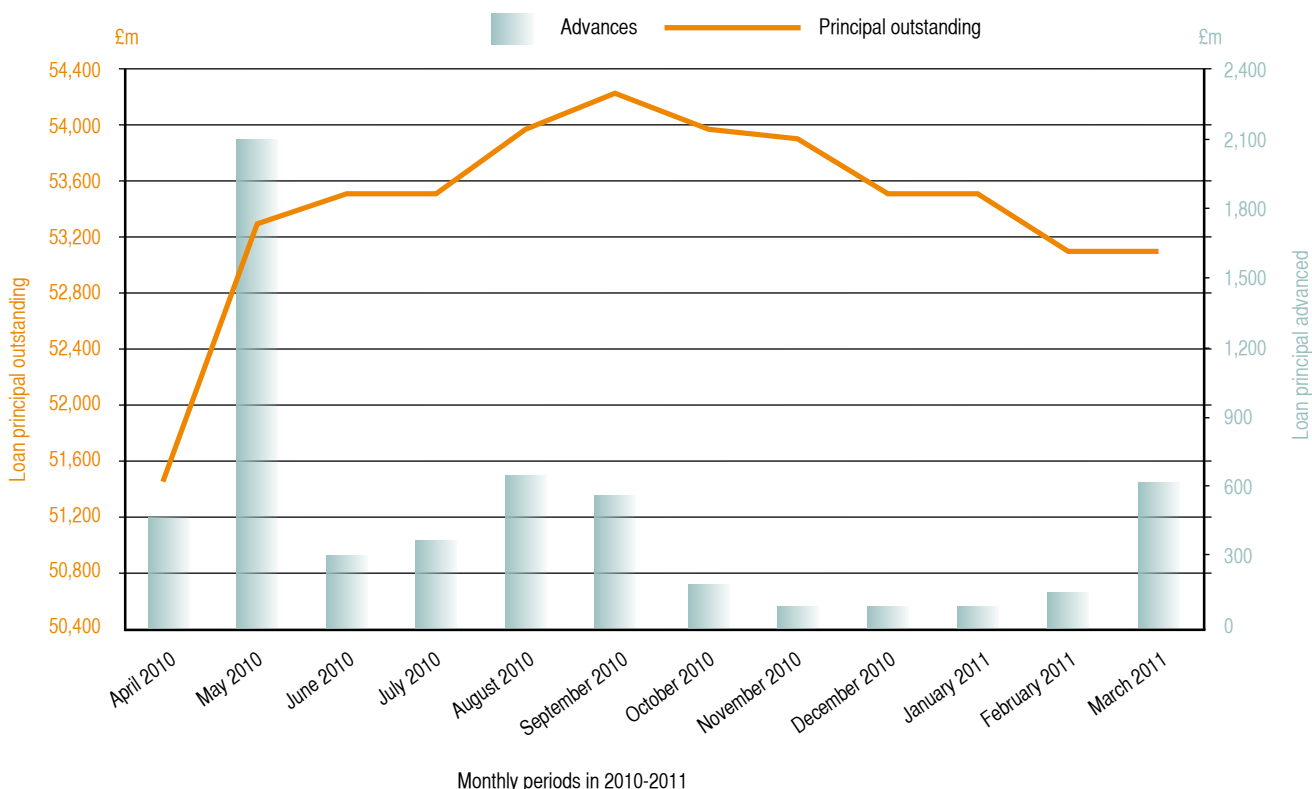


Figure 4: Term till maturity of fixed rate advances and their interest rates

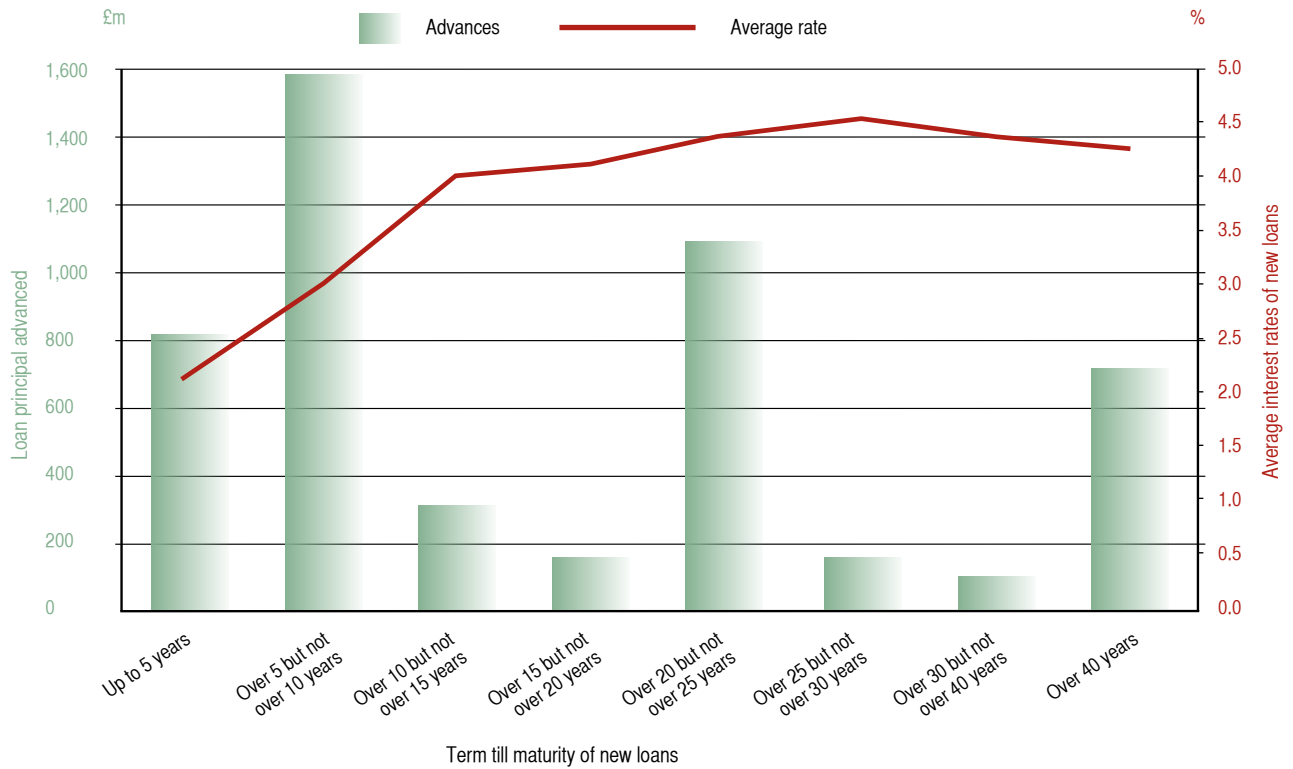


Figure 5: Amounts advanced for fixed rate loans and their interest rates, month by month

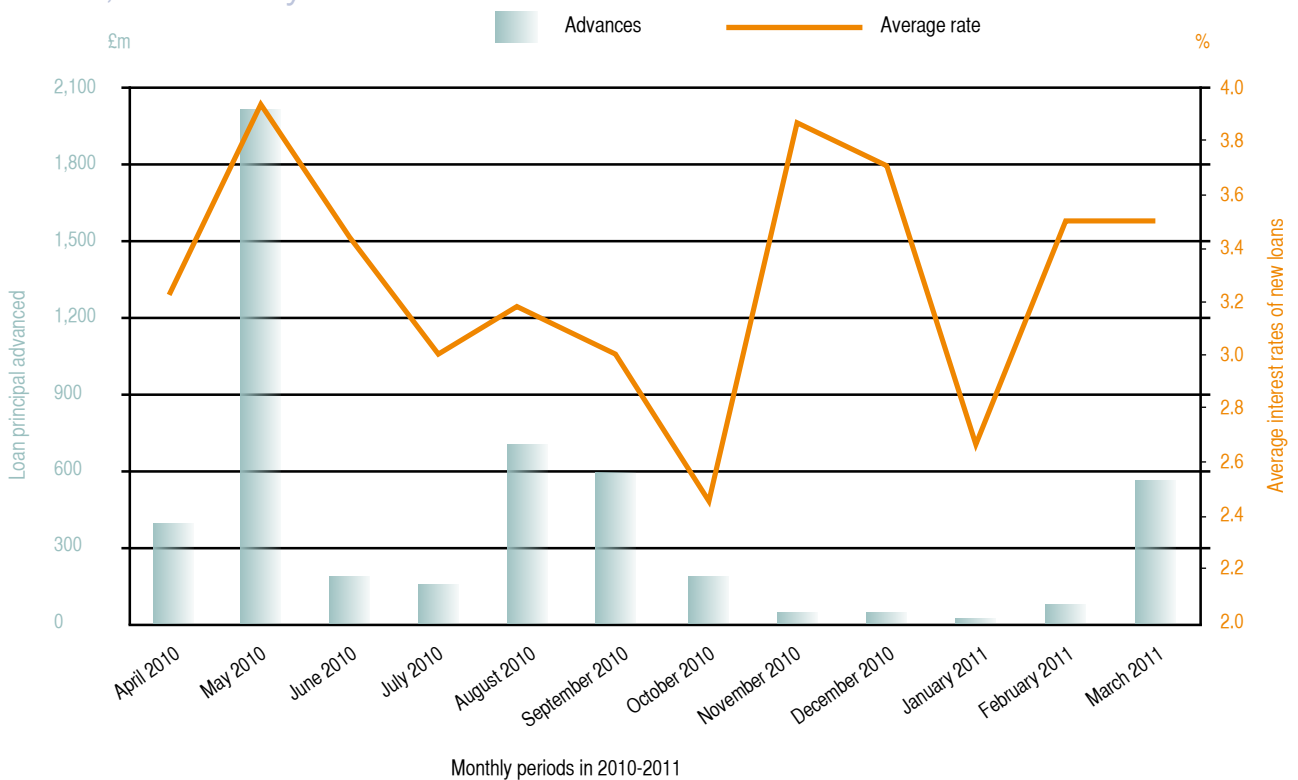


Figure 6: Amounts advanced and their term till maturity, month by month

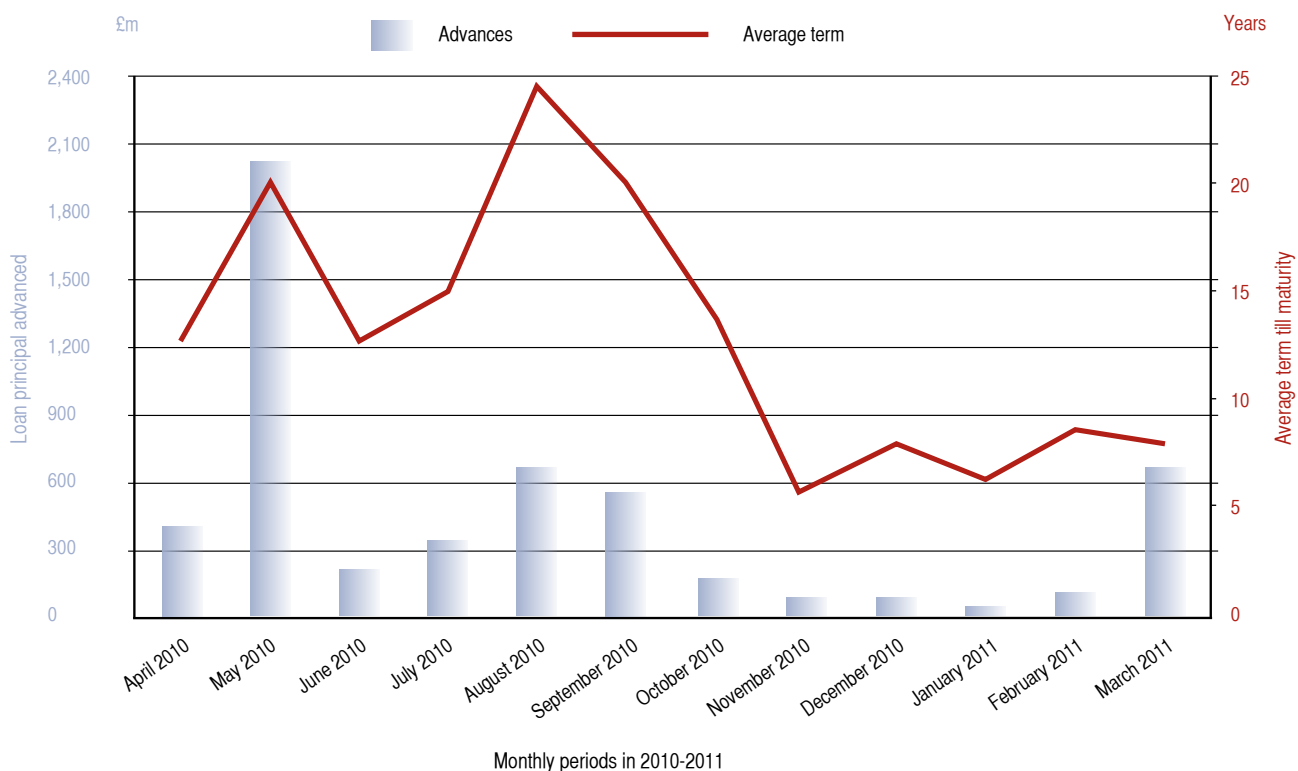


Figure 7: Amounts of fixed and variable rate loans advanced, month by month

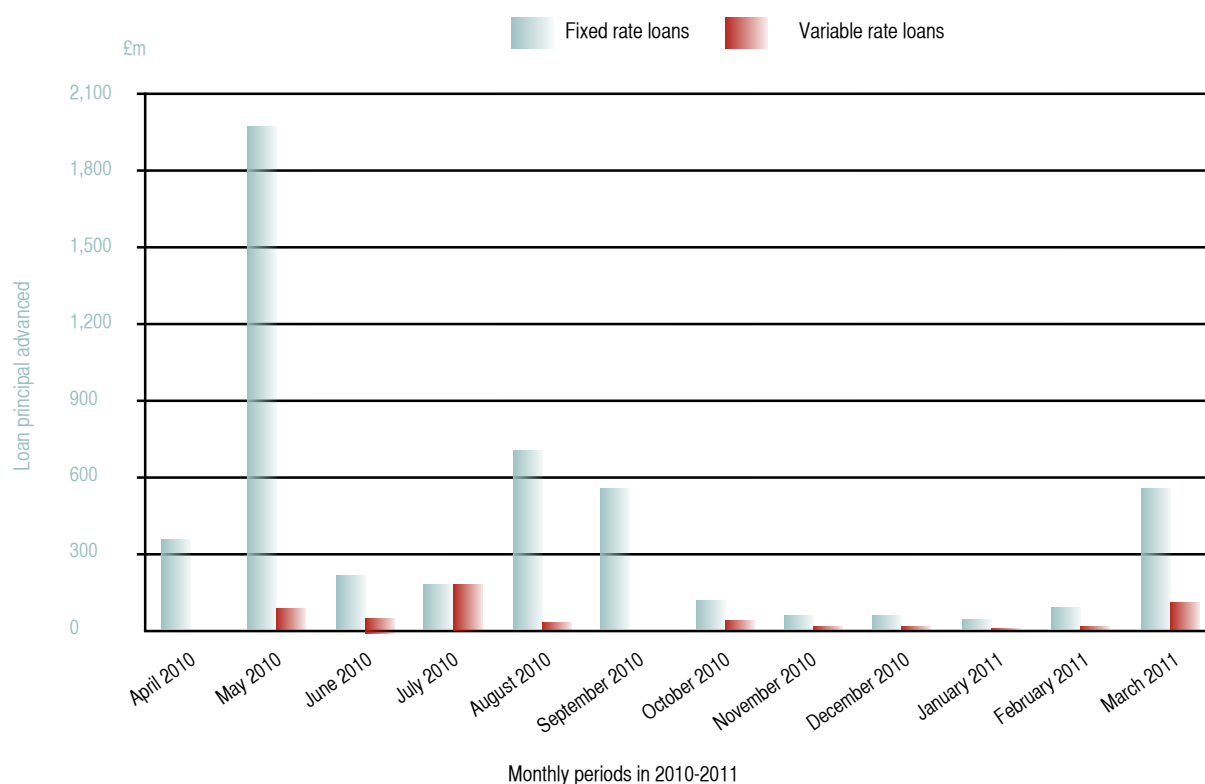


Figure 8: Average rate and term till maturity of advances, year by year

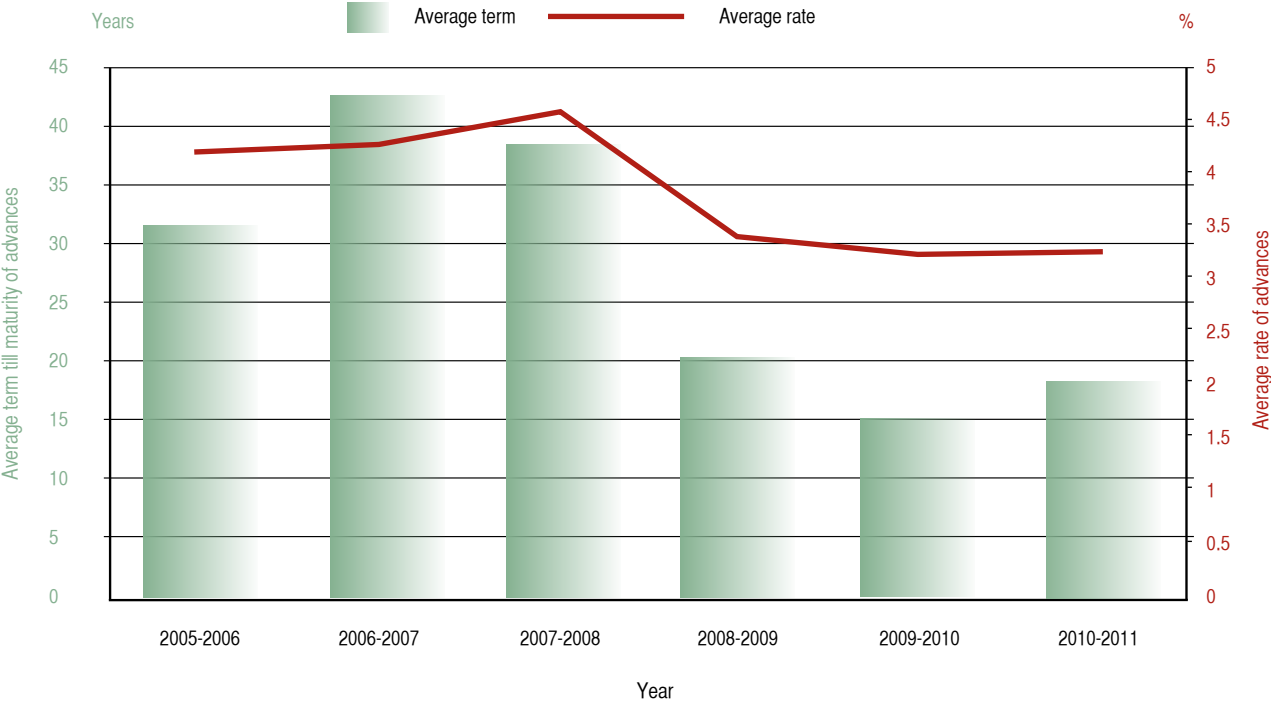


Figure 9: New loans by type and by term till maturity

Method of repayment	Period of repayment (£m)							Total
	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 but not over 30 years	Over 30 but not over 40 years	Over 40 years	
Fixed rate loans								
New loans								
Maturity	785	1,017	264	1,062	136	97	691	4,052
Annuity	9	2	7	100	6	4	5	133
Equal instalments of principal	13	608	7	62	-	-	-	690
	807	1,627	278	1,224	142	101	696	4,875
Fixed rate loans								
Converted loans								
Equal instalments of principal	-	10	-	-	-	-	-	10
	-	10	-	-	-	-	-	10
Variable rate loans								
New loans								
Maturity	73	287	-	-	-	-	-	360
	73	287	-	-	-	-	-	360
Variable rate loans								
Converted loans								
Maturity	-	10	-	-	-	-	-	10
	-	10	-	-	-	-	-	10
All loans								
Maturity	858	1,314	264	1,062	136	97	691	4,422
Annuity	9	2	7	100	6	4	5	133
Equal instalments of principal	13	618	7	62	-	-	-	700
Total	880	1,934	278	1,224	142	101	696	5,255

Scheduled repayments, early repayments and conversions

When an authority redeems a loan, it is a decision for the authority, subject to the PWLB's lending arrangements, whether to replace the loan with a new loan. The PWLB will treat the replacement loan as a new transaction.

Authorities may, at the PWLB's discretion, redeem a loan early and have the option to convert a loan prior to its maturity.

In the case of an early redemption, the authority will repay the net present value of the remaining payments of principal and interest, resulting in a discount or

premium according to whether the lending rate at the time is higher or lower than the loan rate.

A loan conversion occurs when an authority wishes to replace a fixed rate loan with a variable rate loan or vice versa. A prescribed fee applies. There were

two loan conversions in 2010-2011. From 4 January 2011, the PWLB ceased to offer this option.

Figure 10 summarises early repayments and conversions in 2010-2011.

Figure 10: Early repayments and conversions

	Principal repaid or converted	Number of loans repaid	Number of borrowers repaying	Number of loans advanced	Premium paid	Discount allowed	Net premiums/ discounts
	£m				£m	£m	£m
Fixed rate loans	1,720	1,011	60	740	179	(10)	169
Variable rate loans	10	7	3	36	-	-	-
Totals	1,730	1,018	63	776	179	(10)	169

Early repayments of £1.7 billion were made during the year (2009-2010: £2.9 billion), compared to new advances of £5.3 billion (2009-2010: £5.1 billion).

The value of loan principal outstanding to borrowers rose by 3.7% year-on-year (2009-2010: 0.7% rise), to £53.1 billion from £51.2 billion at 31 March 2010.

Repayments in arrears

The overdue payments, as shown in Figure 1, were received soon after the end of the financial year. These arose for reasons of timing, principally concerning payments by cheque.

Rates of interest

The PWLB's interest rates are determined by the DMO in accordance with the National Loans Act 1968 and methodologies agreed with HM Treasury. Variable rates are determined by reference to gilt collateral repo rates. Fixed rates are determined from prevailing gilt yields because the funding for the PWLB comes from the National Loans Fund, which raises funds by issuing gilts. The PWLB's rates include a margin to ensure that the PWLB

does not lend at rates lower than those at which HM Government could notionally borrow by issuing gilts. The margin also mitigates the risk of timing and maturity mismatches between the liabilities of the National Loans Fund (i.e. gilts) and its assets (i.e. loans from the PWLB). This margin was increased on 20 October 2010, as explained on page 25.

Two sets of fixed rates are offered by the PWLB, the 'new loan' rates and the 'early repayment' rates. A negative margin is applied to the 'early repayment' rates to ensure that the PWLB does not accept repayment of loans at below prevailing market rates.

The DMO and HM Treasury reserve the right to change rates at any time intra-daily or to alter the margins and formulas for rates as deemed necessary.

Current and past rates of interest are displayed on the website, www.pwlb.gov.uk.

Fixed rates for four maturities are shown in Figure 11 and variable rates are shown in Figure 12, which also shows the Bank of England rate.

Figure 11: Fixed interest rates by term till maturity of loan

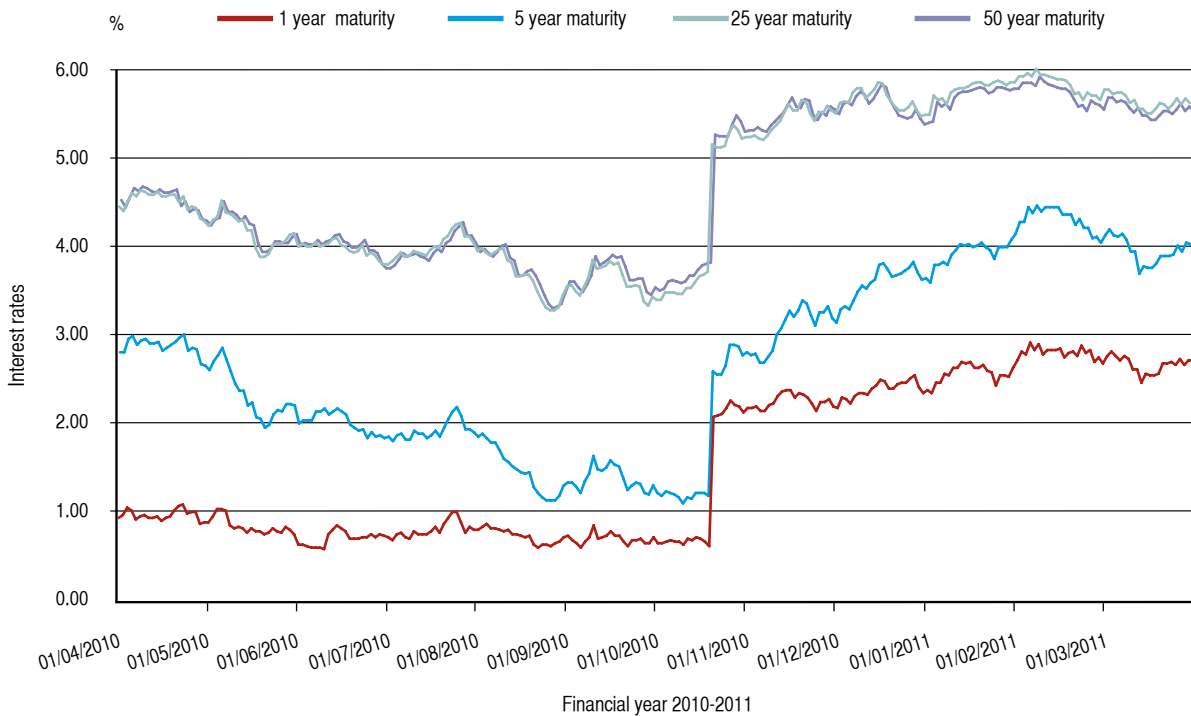
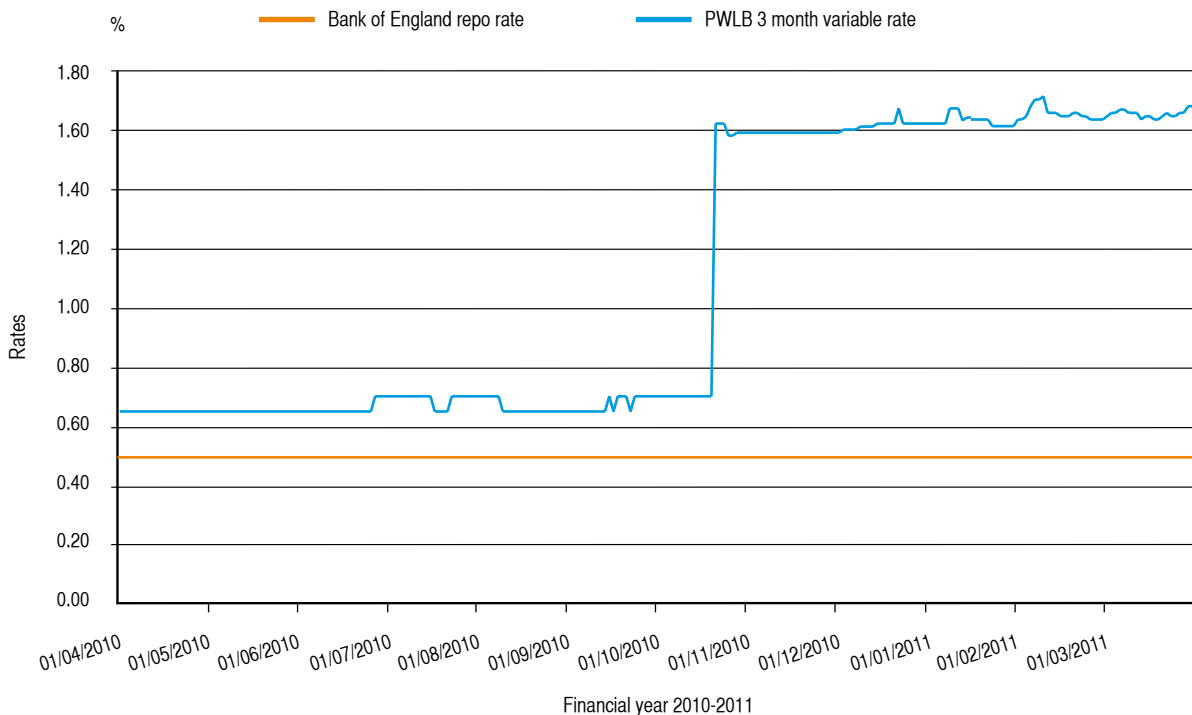


Figure 12: Bank of England rate and the 3 month variable rate



Increase in rates from 20 October 2010

Following the Chancellor's announcement in the Spending Review on 20 October 2010, HM Treasury instructed PWLB to:

- Increase the average interest rate on all new loans to an average of 1.00% above HM Government's cost of borrowing, taking effect immediately.
- Publish at the end of each month a list of individual loans it has made to local authorities including the type, amount, term and rate applying to each loan.

HM Treasury announced as follows:

The role of the PWLB is to on-lend central government's own borrowing to local authorities to deliver capital investment, while HM Treasury is responsible for determining the methodology used to set the rates at which PWLB transacts. In tackling the fiscal deficit, the Government has indicated that it has had to make difficult choices around borrowing and capital investment. To ensure that the rate at which loans are made available to local authorities better reflects the availability of capital funding post-Spending Review and encourages optimal borrowing and investment decisions, HM Treasury has determined that:

- PWLB lending rates on new fixed rate loans should be increased to an average of 1.00% above gilts..
- The interest rate payable on new variable rate loans (loans agreed from this date onwards) will be set at,

and thereafter reset, at the equivalent of an average of 1.00% above the general collateral repo rate for one, three or six months, as appropriate.

The Government recognises that local authority decisions on borrowing can commit electors to repaying loans for up to 50 years. To ensure that borrowing decisions are transparent and consistent with measures adopted elsewhere in the public sector, HM Treasury has determined that a detailed monthly list of individual local authority loans sourced from PWLB will be published on the PWLB website. The first list will be published on 1 November.

The methodology for determining rates for early repayment remains unchanged.

Transfers of debt

The PWLB is prepared to accommodate borrowers by transferring debt if appropriate, for example following local government reorganisation. One authority transferred debt during 2010-2011.

Service performance

The PWLB sets itself performance targets for advancing loans and arranging premature repayments. Applications are processed according to the timetable set out in the PWLB's circulars. There was no occasion during the year when the PWLB failed to meet these targets.

Mark Frankel
Secretary, Public Works Loan Board
24 May 2011



Statement of Secretary's responsibilities

The Public Works Loan Board prepares accounts under section 3 (6) of the National Loans Act 1968.

Statement of Secretary's responsibilities

Under Section 3 (6) of the National Loans Act 1968 the Commissioners are required to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Public Works Loan Board and its income and expenditure and cash flows for the financial year.

In preparing the accounts the Secretary is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and

- prepare the accounts on a going concern basis.

The Commissioners have appointed the Secretary to discharge their residual statutory responsibilities, a role that is analogous to acting as an Accounting Officer. The responsibilities of the Secretary, including responsibility for the propriety and regularity of the public finances for which the Secretary is answerable, for keeping proper records and for safeguarding the Public Works Loan Board's assets, are set out in an Accounting Officer Memorandum issued by HM Treasury and published in Managing Public Money.

Statement on internal control

The system of internal control is designed to manage risk to an acceptable level, balancing the impact of potential risks with the resources required to manage them.



Statement on internal control

Scope of responsibility

The Public Works Loan Board Commissioners have appointed me as Secretary to the Board. I am responsible for ensuring that appropriate advice is given to the Commissioners on all matters relating to financial propriety and regularity, for keeping accounts and submitting them for external audit by the Comptroller and Auditor General and for the efficient and effective use of resources and ensuring that the business is managed within the appropriate control framework.

The PWLB is a separate statutory entity managed within the control framework of the United Kingdom Debt Management Office (DMO). While I am responsible for the PWLB's system of internal control, the Accounting Officer of the DMO is responsible for the wider control framework within which the PWLB is managed. In discharging my own control responsibilities I take assurance on the continued sound maintenance of the wider control framework from the statement on internal control for the DMO, although I understand that only reasonable and not absolute assurance can be given that risks have been controlled.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Applicable elements of the DMO's system of internal control are incorporated into the PWLB's processes,

including loans being confirmed by a separate team and payments also being verified and released by non-PWLB staff. In addition the DMO's Business Continuity Plan takes full account of the PWLB's needs and is subject to continual review and update.

The system of internal control has been in place in the DMO for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to handle risk

The DMO has a formal risk management framework document, which includes the PWLB's activities. This document, which was agreed by the DMO's Managing Board, summarises at a high level the principles which govern the DMO's approach to risk management, the different types of risk that the DMO manages, and the various mechanisms that the DMO employs to ensure that risks are identified, assessed and managed at all levels within the organisation. The DMO also has more detailed risk management policies and has documented the risk management processes. Elements of these policies have been reviewed and adjusted during the year and have proved effective during a period of continued uncertainty in the financial markets.

The DMO's Managing Board is responsible for setting strategic direction and considering high-level operational issues. An executive sub-committee of the Managing Board (Sub MB) generally meets weekly. The terms of reference of this committee and those of the Operational Risk and Business Delivery Committees clearly set out their roles and responsibilities for providing the organisational capacity to consider issues and make relevant decisions at the appropriate level.

The Business Delivery Committee includes the executive members of the DMO's Managing Board and key business managers. The committee exists to progress and review the status of the delivery of

DMO's business and work plan as a collective cross-functional body, resolving emerging issues together to ensure the business and work plan is delivered in a timely and cost effective manner.

Staff are required to signify that they have read and accepted the DMO's rules on personal dealing and the DMO's policy on the use of information systems and technology, and that they are aware of, and will continue to keep up to date with, the DMO's policies with respect to whistle blowing, fraud and anti-money laundering. The DMO ensures that the exercise is undertaken on an annual basis in order to maintain a good level of awareness of the DMO's policies in these areas. All members of staff have job descriptions which include reference to the specific key risks they are expected to manage. Managers in each business function are responsible for ensuring that the operations within their area are compliant with plans, policies, procedures and legislation.

During the year the new Coalition Government has introduced measures that have altered the DMO's risk profile over current and future years. In response, the DMO has placed increased focus on financial control, staff planning and responding to increased transparency requirements.

The risk and control framework

The DMO's formal risk management framework document sets out the various mechanisms for managing its risks, including operational and other risks relating to PWLB, that are incorporated into its approach to both regular operations and new business initiatives. There are processes in place to ensure regular measurement and monitoring of key business risks. A statement of the risk appetite of the DMO is included within the risk management framework document.

The DMO's Risk Management Unit (RMU) provides control advice on risks throughout the DMO. In the DMO's management reporting structure, the RMU is separate and independent of the DMO's trading operations. The RMU conducts risk analysis and provides operational risk capability for the DMO.

The identification, monitoring and mitigation of operational risks are facilitated by the RMU, via consultation with heads of business units and functional teams. Regular meetings are held with heads of business units and functional teams to assess whether risks to their operations are being managed effectively. Significant risk issues are assessed by likelihood and materiality of occurrence. New risks and risks with an increased risk profile are highlighted and actions are taken to ensure effective management of all risks. The DMO has Senior Risk Owners (SROs) who undertake a cross-functional moderation process to promote better prioritisation of operational risks across the organisation. The RMU maintains a central exception log to record all risk incidents raised, in order to identify control weaknesses and assign actions to improve controls. Progress against treatment actions is obtained on a regular basis to ensure issues highlighted by internal and external audit, and other identified actions to improve the control environment, are managed and progressed within agreed deadlines.

Risks to data and information held by the DMO are owned and managed by designated Information Asset Owners. There is a Senior Information Risk Owner (SIRO) for the DMO, responsible for the information risk policy and risk assessment relating to information, who provides assurance over information risks to the DMO's Managing Board.

The DMO has designated Information Technology (IT) Security Officers who are responsible for the DMO's electronic network, including access to information and GSI accreditation. During the year, the DMO has continued a defined programme of work to deliver IT security and Information Management improvements.

The DMO continues to work to maintain the required level of protective security, covering physical, personnel and information security. An annual assessment is made against the policies and standards set out in the Government's Security Policy Framework and, when necessary, controls are strengthened to manage identified risks. During the year, physical security arrangements were

reviewed and a revised physical security policy is being developed. IT security is subject to annual reviews, including tests by external specialists and assessment against the CESA requirements for continuing connection to the Government Secure Intranet (GSI).

The RMU communicates key risk issues to management on a regular basis within a number of forums, to enable management to take informed decisions on risk issues. Key forums are as follows:

- The Operational Risk Committee meets regularly to monitor operational risks and to review significant risk issues, risk incidents and exceptions and progress against treatment actions. This review is supported by regular operational risk reporting produced by the RMU. The scope of this meeting covers issues relating to information risk, IT security, business continuity, anti fraud issues and key supplier risks.
- The Controls Group meets periodically to review issues affecting the DMO's system of internal control and to analyse material changes to the control environment. The group recommends actions to management to implement changes where appropriate. The Controls Group consisted of representatives of the DMO teams responsible for finance, risk, compliance and internal audit.
- The DMO Audit Committee supports me as Secretary on matters relating to risk, internal control and governance and associated assurance.
- A high level strategic risk report is published to promote awareness of all high level issues and risks that the DMO faces at an organisational level. The report is based on a High Level Risk Register maintained by RMU, and is presented to the DMO's Managing Board on a regular basis.

The PWLB team meets regularly to review risk management issues, including emerging risks, and to agree control improvements and other relevant measures as necessary.

The DMO's Business Continuity Plan (BCP) including

Disaster Recovery (DR) and other arrangements is subject to continual review and update. The DMO ensured a programme of DR testing was carried out. Assessment of business continuity requirements is a specific requirement for new projects and major business initiatives.

The PWLB has maintained effective communication channels with its main stakeholders to help highlight issues that may affect the parties' risks.

Improvements and changes were implemented during the year, including improved controls surrounding Information Management and IT Security; enhanced suspense account items processes in order to address previously identified weaknesses; changes to banking services; and improved budgeting and forecasting processes. The relevant changes were reviewed by the Controls Group to ensure identification of potential risks and implementation of adequate controls.

Review of effectiveness

As Secretary, my review of the effectiveness of the system of internal control for the PWLB is informed by the work of the internal auditors and the executive managers within the DMO, who have been delegated responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I inform the Commissioners of details of audit reports and my response to any recommendations.

The DMO Audit Committee considered the 2010-2011 accounts in draft and provided me with its views before I formally signed the accounts. The Audit Committee met four times during the year.

The DMO's Managing Board met approximately every six weeks and considered risk management and operational control issues throughout the year. To support this, members of the Managing Board received risk reports from RMU and details of any agreed actions to improve the DMO's risk profile. The Managing Board has also received high level

Strategic Risk reports for review on a regular basis. The executive sub-committee of the Managing Board usually met weekly and considered risk and control issues on a regular basis.

The Business Delivery Committee met on a weekly basis and reviewed the status of key projects and business improvement initiatives, reprioritising work as required. The committee challenged budget and resource utilisation to make sure priority projects were appropriately resourced, and provided the necessary management information to the DMO's Managing Board on business plan delivery issues and progress.

The Operational Risk Committee and Senior Risk Owners have advised me during the year on significant operational risk concerns, significant risk issues and trends, as well as actions to mitigate such risks. The Committee has had an increased focus this year on further developing business continuity planning and also improving the data quality and reliability of the DMO website. The Operational Risk Committee met seven times during the year.

The Controls Group has advised me on any significant risk concerns relating to the introduction of new business activities as well as risks relating to other change management activities, and has made me aware of actions taken to mitigate identified risks.

The DMO RMU conducts regular controls and compliance testing, providing the executive sub-committee of the DMO's Managing Board with assurance on the effectiveness of operational controls and compliance.

During the period of this Statement on Internal Control, Internal Audit has provided reports on the effectiveness of the risk management, control and governance processes for the DMO to the DMO Audit Committee throughout the period. The audits make a series of recommendations that are addressed as part of our focus on continuous improvement in this area. The audits identified no serious breaches of risk or control systems. The Internal Audit work programme is approved by the DMO Audit Committee at the start of the year.

Internal Audit attended each meeting of the DMO Audit Committee to report the results of audit work and the results of follow-up work on management action to address audit recommendations.

On the basis of Internal Audit work during the year, the Head of Internal Audit has provided assurance to me on the adequacy and effectiveness of the risk management, control and governance arrangements relevant to the accounts, and has confirmed that there were no matters arising from the work of Internal Audit in the period that would give rise to separate comment in the statement on internal control.

Significant internal control issues 2010-2011

No significant internal control issues in the PWLB were identified in 2010-2011. In my opinion, the PWLB's system of internal control was effective throughout the financial year 2010-2011 and remains so on the date I sign this statement.

Mark Frankel
Secretary, Public Works Loan Board
24 May 2011



Certificate and report of the Comptroller and Auditor General



The Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Public Works Loan Board for the year ended 31st March 2011 under the National Loans Act 1968. These comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Commissioners, the Secretary of the Public Works Loan Board and auditor

As explained more fully in the statement of Secretary's responsibilities, under Section 3 (6) of the National Loans Act 1968 the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. They appoint the Secretary to discharge these responsibilities on their behalf. My responsibility is to certify and report on the financial statements in accordance with the National Loans Act 1968. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Public Works Loan Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Public Works Loan Board; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the foreword and management commentary to identify material inconsistencies with the audited

financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Public Works Loan Board's affairs as at 31 March 2011 and of its operating surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Loans Act 1968 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the information given in the foreword and management commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the statement on internal control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

25 MAY 2011



Financial statements and notes to the accounts

EXCHEQUER

In use



Statement of comprehensive income

For the year ended 31 March 2011

	Note	2011 £m	2010 £m
Interest income	2	2,978	2,891
Operating income		2,978	2,891
Interest payable to National Loans Fund		(2,978)	(2,891)
Operating surplus retained		-	-

The notes on pages 42 to 51 form part of these accounts.

Statement of financial position

As at 31 March 2011

	Note	2011 £m	2010 £m
Assets			
Cash and balances at bank		51	55
Loans and advances	4	53,693	51,776
Total assets		53,744	51,831
Liabilities			
Amounts owed to National Loans Fund	7	53,744	51,831
Total liabilities		53,744	51,831

The notes on pages 42 to 51 form part of these accounts.

Mark Frankel
Secretary, Public Works Loan Board
24 May 2011

Statement of cash flows

For the year ended 31 March 2011

	Note	2011 £m	2010 £m
Net cash flow from operating activities	8	1,061	2,540
Financing activities			
Interest paid to National Loans Fund		(2,983)	(2,887)
Increase in loan principal outstanding to National Loans Fund		1,918	378
Net cash used in financing activities		(1,065)	(2,509)
(Decrease)/increase in cash		(4)	31

The notes on pages 42 to 51 form part of these accounts.

Notes to the accounts for the year ended 31 March 2011

1 Accounting policies

(i) Basis of preparation

The accounts have been prepared in accordance with a direction given by HM Treasury and International Financial Reporting Standards (IFRS) in so far as they are appropriate to the PWLB, under the historical cost convention. In particular, the following standards have been applied:

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 7 Cash Flow Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events After the Balance Sheet Date
- IAS 18 Revenue
- IAS 24 Related Party Disclosures
- IAS 32 Financial Instruments: Presentation
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 39 Financial Instruments: Recognition and Measurement

No IFRS have been issued or revised this year that have not already been applied, but which will need to be applied in subsequent reporting periods.

(ii) Financial assets and income recognition

The PWLB classifies its financial assets as loans and receivables under IAS 39 (Financial Instruments: Recognition and Measurement), which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The PWLB does not sell financial assets and so does not designate any loans and receivables as available-for-sale or held for trading.

Loans and receivables are recognised when cash is advanced to borrowers and are derecognised when borrowers settle their obligations.

All loans are recognised initially at fair value, normally the amount advanced to the borrower. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the instrument. When calculating the effective interest rate, cash flows are based on the contractual terms of the loan. Owing principally to the long maturities of most loans and the volatile pattern of early repayments, the actual cash flows and the expected lives of the loans cannot be estimated reliably. Thus premiums and discounts on early repayments are recognised when received and paid.

The fair value of loans outstanding, disclosed in Note 5 to the accounts, is calculated as the aggregate net present value of future cash flows on each individual loan. These future cash flows are discounted at the PWLB's premature repayment rates at 31 March 2011.

(iii) Financial liabilities

All the PWLB's liabilities relate to monies drawn from the National Loans Fund for the purpose of issuing loans to the PWLB's borrowers. All principal and interest payments receivable by the PWLB, along with any premiums for early redemption, are repayable to the National Loans Fund. Therefore all the PWLB's assets are also liabilities payable to the National Loans Fund. For this reason, the PWLB's liabilities are valued in the same way as the corresponding assets.

Liabilities are recognised when cash is advanced to the PWLB from the National Loans Fund and derecognised when cash is paid back to the National Loans Fund.

(iv) Statement of changes in equity

These accounts do not present a statement of changes in equity, since all the funding of the PWLB is provided by the National Loans Fund, and matches the amount loaned by the PWLB to borrowers. The change in net funding is therefore already disclosed in the statement of financial position, which demonstrates the change in amounts owed to the National Loans Fund due to changes in the PWLB's loan portfolio.

2 Interest income

	2011 £m	2010 £m
Contractual interest income for fixed rate loans	2,804	2,754
Contractual interest income for variable rate loans	5	1
Premiums received	179	164
Discounts paid	(10)	(28)
	2,978	2,891

3 Segmental analysis of interest income by country

	2011 England £m	2011 Wales £m	2011 Scotland £m	2011 Total £m
Fixed rate loans	2,376	171	426	2,973
Variable rate loans	4	-	1	5
	2,380	171	427	2,978

	2010 England £m	2010 Wales £m	2010 Scotland £m	2010 Total £m
Fixed rate loans	2,303	180	407	2,890
Variable rate loans	1	-	-	1
	2,304	180	407	2,891

4 Loans and advances

	2011 £m	2010 £m
Fixed rate loans principal	52,287	50,711
Variable rate loans principal	849	507
Loan principal outstanding	53,136	51,218
Accrued income on fixed rate loans	556	557
Accrued income on variable rate loans	1	1
Accrued income	557	558
Value of loans outstanding	53,693	51,776

5 Loan principal

5a Loan principal outstanding - fair value and weighted average interest rate

	2011 Principal	2011 Fair value	2011 Weighted average interest rate
	£m	£m	%
Fixed rate loans	52,287	60,212	5.27
Variable rate loans	849	850	0.88
	53,136	61,062	5.20
	2010 Principal	2010 Fair value	2010 Weighted average interest rate
	£m	£m	%
Fixed rate loans	50,711	57,591	5.44
Variable rate loans	507	508	0.66
	51,218	58,099	5.39

The fair value is the net present value of all future contractual cash flows for each loan. These cash flows are discounted at the PWLB's premature repayment rates at 31 March 2011.

The weighted average period for which rates are fixed is 24.5 years (2010: 25.5 years) for fixed rate loans.

At 31 March 2011, £4 million of loans (31 March 2010: £38 million) had been confirmed, but not yet advanced. These loans are not included in the statement of financial position.

At 31 March 2011, borrowers had confirmed their intention to repay £nil of loans, which were not yet due (31 March 2010: £nil). These repayments are not reflected in the statement of financial position.

5b Loan principal outstanding – maturity analysis

	2011 Principal outstanding £m	2010 Principal outstanding £m
Up to 1 month / repayable on demand	96	78
In more than 1 month but not more than 3 months	266	172
In more than 3 months but not more than 1 year	1,334	1,326
In more than 1 year but not more than 5 years	7,044	6,321
In more than 5 years but not more than 10 years	7,242	6,146
In more than 10 years but not more than 20 years	9,039	9,069
In more than 20 years but not more than 30 years	6,920	6,556
In more than 30 years but not more than 40 years	4,476	4,282
More than 40 years	16,719	17,268
	53,136	51,218

5c Loan principal outstanding – interest rate profile

	2011 Principal outstanding £m	2010 Principal outstanding £m
Up to 1 month / repayable on demand	384	130
In more than 1 month but not more than 3 months	492	346
In more than 3 months but not more than 1 year	1,629	1,588
In more than 1 year but not more than 5 years	6,799	6,128
In more than 5 years but not more than 10 years	6,678	5,851
In more than 10 years but not more than 20 years	9,039	9,069
In more than 20 years but not more than 30 years	6,920	6,556
In more than 30 years but not more than 40 years	4,476	4,282
More than 40 years	16,719	17,268
	53,136	51,218

This note indicates the period of the next re-pricing date for variable rate loans and the maturity date for fixed rate loans.

5d Loan principal outstanding - analysis by country

	2011 Principal outstanding £m	2010 Principal outstanding £m
England	42,450	41,114
Wales	2,733	2,845
Scotland	7,953	7,259
	53,136	51,218

6 New issue, maturity and early redemption of loan principal

	2011 £m	2010 £m
New loans	5,255	5,080
Loans maturing	(1,607)	(1,864)
Loans redeemed early	(1,730)	(2,851)
Net increase in loans	1,918	365

7 Amounts owed to National Loans Fund

	2011 £m	2010 £m
Loan principal outstanding to borrowers	53,136	51,218
Accrued income on loans to borrowers	557	558
	53,693	51,776
Loan repayments not yet surrendered to National Loans Fund	51	55
	53,744	51,831

8 Reconciliation of operating income to net cash flow from operating activities

	2011 £m	2010 £m
Operating income	2,978	2,891
Increase in loan principal outstanding to customers	(1,918)	(365)
Decrease in accrued income	1	14
Net cash flow from operating activities	1,061	2,540

9 Risk management

The PWLB's management of its risk exposure is described below.

Credit risk

Credit risk is the risk that a counterparty will fail to discharge a contractual obligation, resulting in financial loss to the PWLB. Any such loss would be borne by the National Loans Fund.

Risk measurement

The credit risk exposures of the PWLB are shown below:

	Cash held at bank*	Major local authorities	Parish councils and drainage boards	Harbour boards	Total
	£m	£m	£m	£m	£m
2011					
Cash and balances at bank	51	-	-	-	51
Loans outstanding to borrowers	-	53,361	330	2	53,693
Total	51	53,361	330	2	53,744
Loans confirmed but not advanced	-	4	-	-	4
2010					
Cash and balances at bank	55	-	-	-	55
Loans outstanding to borrowers	-	51,418	356	2	51,776
Total	55	51,418	356	2	51,831
Loans confirmed but not advanced	-	38	-	-	38

*During 2010-2011, the PWLB switched its banking services from the Bank of England to the Government Banking Service.

The value of the loans above are based on carrying amounts as reported in the statement of financial position.

There were less than £1 million overdue loan repayments at 31 March 2011 (31 March 2010: less than £1 million). All overdue loan repayments at 31 March 2011 have since been paid.

There were no renegotiated loans or assets considered impaired at 31 March 2011 (31 March 2010: no renegotiated loans or impaired assets).

Loans for which payment schedules had been amended in order to facilitate more efficient administration by local authorities are not considered to constitute renegotiated loans in credit risk terms.

The risk of default is not perceived to have increased materially during the year.

The PWLB does not issue any financial guarantees.

Risk management

As stated on page 9, the PWLB Commissioners are legally required before making a loan to satisfy themselves that there is sufficient security for its repayment.

The PWLB obtains all necessary information from borrowers to gain assurance that the authority is acting appropriately and within the framework set out in the PWLB's circulars.

The PWLB lends only to local authorities and other prescribed bodies.

Loans to local authorities, together with related interest, are automatically secured by statute on all revenue streams of the borrower.

Parish, town and community council applicants for loans need borrowing approval from the Department for Communities and Local Government, or, in the case of Welsh councils, the Welsh Assembly Government. Drainage board applicants for loans need a loan sanction from the Department for Environment, Food and Rural Affairs.

Loans to harbour boards are secured on property and are made only with the provision of a guarantee from the local authority. In addition, the business plan is reviewed. No new loans were made to harbour boards in the year ended 31 March 2011 (31 March

2010: no loans).

The PWLB does not differentiate borrowers by credit rating.

The PWLB continuously monitors its total lending against a limit set by statute.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises interest rate risk, currency risk and other price risk. The PWLB's activities do not give rise to interest rate risk for the PWLB itself, but form part of the interest rate risk profile of the National Loans Fund.

There is no exposure to currency risk or other price risk.

Liquidity risk

Liquidity risk is the risk that the PWLB will encounter difficulty in meeting obligations associated with financial liabilities.

The PWLB's activities are not considered to give rise to liquidity risk for the PWLB itself, but rather form part of the liquidity risk profile of the National Loans Fund. The PWLB's cash flow requirements are forecast and monitored daily.

10 Related party transactions

The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an executive agency of HM Treasury. During the year, the PWLB had a significant number of material transactions with the National Loans Fund, a fund which is administered by HM Treasury. The National Loans Fund lends cash to the PWLB so that it can subsequently lend the cash to its borrowers. In turn the PWLB will return cash to the National Loans Fund as its loans to borrowers are redeemed. The National Loans Fund facilitated £5,255 million of new

lending by the PWLB to borrowers in 2010-2011 and received cash from the PWLB from £3,337 million of redemptions. The total amount owed by the PWLB to the National Loans fund at 31 March 2011 was £53,744 million.

11 Date of authorisation for issue

The Secretary of the PWLB has authorised these accounts for issue on 25 May 2011.

Accounts Direction



Accounts Direction given by HM Treasury in accordance with section 3 (6) of the National Loans Act 1968

1. This direction applies to the Public Works Loan Board.
2. The Public Works Loan Board shall prepare accounts for the year ending 31 March 2010 and each subsequent financial year, which give a true and fair view of its state of affairs at the reporting date, and of its income and expense and cash flows for the year then ended.
3. The accounts shall be prepared in accordance with applicable accounting standards, and shall be consistent with relevant requirements of the extant Government Financial Reporting Manual.
4. The accounts shall present a statement of comprehensive income, a statement of financial position and a statement of cash flows. The statement of financial position shall present assets and liabilities in order of liquidity.
5. The notes to the accounts shall include disclosure of assets and liabilities, and of income and expense, relating to other central government funds including the National Loans Fund.
6. The report shall include:
 - (i) a foreword
 - (ii) a management commentary, including information on financial performance and financial position; and
 - (iii) a statement on internal control.
7. The accounts direction shall be reproduced as an appendix to the accounts.
8. The accounts direction supersedes that issued on 25 February 2005.

Chris Wobschall
Head, Assurance and Financial Reporting Policy
HM Treasury
10 March 2010

Appendix A



Appendix A

Loan principal outstanding for major authorities (unaudited)

Borrower name	Balance at 31 March 2010 £	Advances in 2010-2011 £	Repayments in 2010-2011 £	Balance at 31 March 2011 £
Aberdeen City Council	333,369,184.93	40,000,000.00	3,276,897.09	370,092,287.84
Aberdeenshire Council	254,089,888.22	29,000,000.00	1,963,207.60	281,126,680.62
Adur District Council	12,455,326.00	0.00	0.00	12,455,326.00
Allerdale Borough Council	10,104,819.56	0.00	36,701.98	10,068,117.58
Angus Council	125,721,423.43	10,000,000.00	2,000,000.00	133,721,423.43
Argyll And Bute Council	91,066,090.94	29,000,000.00	12,000,000.00	108,066,090.94
Ashfield District Council	31,302,098.00	0.00	0.00	31,302,098.00
Ashford Borough Council	0.00	5,951,150.00	0.00	5,951,150.00
Avon And Somerset Police Authority	24,495,824.09	10,000,000.00	1,516,140.15	32,979,683.94
Babergh District Council	1,100,000.00	2,000,000.00	100,000.00	3,000,000.00
Barking And Dagenham London Borough C	30,000,000.00	0.00	0.00	30,000,000.00
Barnet London Borough Council	147,000,000.00	0.00	7,000,000.00	140,000,000.00
Barnsley Borough Council	398,903,892.19	4,000,000.00	4,412,801.50	398,491,090.69
Barrow-In-Furness Borough Council	22,389,734.00	0.00	0.00	22,389,734.00
Basildon Borough Council	111,749,967.00	0.00	6,500,000.00	105,249,967.00
Bassetlaw District Council	36,750,000.00	8,000,000.00	62,500.00	44,687,500.00
Bath & North East Somerset District C	60,000,000.00	10,000,000.00	0.00	70,000,000.00
Bedford Borough Council	82,773,527.23	30,000,000.00	21,007,885.11	91,765,642.12
Bedfordshire And Luton Fire Authority	9,987,000.00	0.00	0.00	9,987,000.00
Bedfordshire Police Authority	5,719,800.00	0.00	0.00	5,719,800.00
Bexley London Borough Council	96,268,188.00	7,000,000.00	15,625.00	103,252,563.00
Birmingham City Council	1,797,410,700.00	0.00	60,000,000.00	1,737,410,700.00
Blaby District Council	11,744,443.45	1,100,000.00	3,968,248.15	8,876,195.30
Blackburn With Darwen Borough Council	90,774,628.79	0.00	2,000,000.00	88,774,628.79
Blackpool Borough Council	91,779,914.00	30,000,000.00	15,666,666.66	106,113,247.34
Blaenau Gwent County Borough Council	118,264,727.52	0.00	40,010,002.07	78,254,725.45
Bolsover District Council	19,100,000.00	0.00	0.00	19,100,000.00
Bolton Borough Council	254,050,619.85	99,000,000.00	353,050,619.85	0.00
Bournemouth Borough Council	24,500,000.00	0.00	0.00	24,500,000.00
Bradford City Council	373,408,999.03	0.00	5,000,000.00	368,408,999.03
Brent London Borough Council	522,030,000.00	20,000,000.00	51,000,000.00	491,030,000.00
Brentwood District Council	7,137,000.00	0.00	0.00	7,137,000.00
Bridgend County Borough Council	72,855,117.52	0.00	175,211.20	72,679,906.32
Brighton & Hove Council	135,746,301.41	0.00	15,000,385.02	120,745,916.39
Bristol City Council	264,614,140.33	0.00	8,592,866.81	256,021,273.52
Broads Authority	253,750.00	0.00	14,500.00	239,250.00
Broxtowe Borough Council	16,445,695.49	2,800,000.00	3,053,746.32	16,191,949.17
Buckinghamshire & Milton Keynes F Auth	7,117,000.00	1,000,000.00	602,000.00	7,515,000.00
Buckinghamshire County Council	150,856,000.00	0.00	31,732,000.00	119,124,000.00
Burnley Borough Council	22,367,684.12	1,000,000.00	451,319.56	22,916,364.56
Bury Borough Council	91,887,148.79	9,100,000.00	2,233,585.51	98,753,563.28

Borrower name	Balance at 31 March 2010	Advances in 2010-2011	Repayments in 2010-2011	Balance at 31 March 2011
	£	£	£	£
Caerphilly County Borough Council	152,680,243.60	0.00	3,259,539.35	149,420,704.25
Calderdale Borough Council	116,597,967.03	0.00	3,133,695.26	113,464,271.77
Cambridgeshire & Peterborough Fire Auth	3,200,000.00	0.00	0.00	3,200,000.00
Cambridgeshire County Council	206,643,000.00	15,000,000.00	0.00	221,643,000.00
Cambridgeshire Police Authority	12,072,061.52	10,000,000.00	343,402.89	21,728,658.63
Camden London Borough Council	228,865,872.79	30,000,000.00	270,762.25	258,595,110.54
Cannock Chase District Council	20,809,250.08	3,800,000.00	3,165,746.15	21,443,503.93
Canterbury City Council	25,500,000.00	12,000,000.00	32,197.91	37,467,802.09
Cardiff Council	361,874,185.72	26,000,000.00	59,593.10	387,814,592.62
Carmarthenshire County Council	240,163,376.56	0.00	9,441,824.43	230,721,552.13
Castle Point District Council	7,825,112.26	0.00	0.00	7,825,112.26
Central Bedfordshire Council	142,719,615.71	0.00	21,702.06	142,697,913.65
Ceredigion County Council	86,765,255.92	0.00	4,300,782.82	82,464,473.10
Cheltenham Borough Council	11,000,000.00	0.00	0.00	11,000,000.00
Cheshire East Council	118,452,940.00	50,000,000.00	52,500,000.00	115,952,940.00
Cheshire Fire Authority	6,439,000.00	0.00	0.00	6,439,000.00
Cheshire Police Authority	16,281,888.78	1,000,000.00	204,444.46	17,077,444.32
Cheshire West And Chester Council	118,897,060.00	0.00	0.00	118,897,060.00
Chesterfield Borough Council	30,568,129.18	0.00	2,866,490.29	27,701,638.89
Chorley Borough Council	2,266,666.68	8,146,000.00	1,541,444.46	8,871,222.22
City Of Edinburgh Council	951,336,986.35	65,000,000.00	2,216,763.07	1,014,120,223.28
City Of Glasgow Council	802,073,544.88	140,000,000.00	85,000,000.00	857,073,544.88
City Of Lincoln Council	33,861,999.73	0.00	0.00	33,861,999.73
Clackmannanshire Council	99,703,077.04	0.00	585.81	99,702,491.23
Cleveland Police Authority	14,380,000.00	0.00	354,000.00	14,026,000.00
Co Durham And Darlington Fire Authority	1,803,934.24	0.00	124,820.10	1,679,114.14
Colchester Borough Council	27,900,000.00	0.00	0.00	27,900,000.00
Comhairle Nan Eilean Siar	143,724,649.23	15,000,000.00	2,854,839.54	155,869,809.69
Conwy County Borough Council	64,868,417.47	0.00	0.00	64,868,417.47
Corby Borough Council	9,600,000.00	6,000,000.00	4,000,000.00	11,600,000.00
Cornwall Council	159,200,000.00	0.00	400,000.00	158,800,000.00
Council Of The Isles Of Scilly	570,196.17	0.00	142,404.92	427,791.25
Coventry City Council	239,856,883.18	0.00	12,749.56	239,844,133.62
Craven District Council	4,988,110.00	0.00	0.00	4,988,110.00
Croydon London Borough Council	155,800,000.00	110,000,000.00	0.00	265,800,000.00
Cumbria County Council	270,200,000.00	30,000,000.00	0.00	300,200,000.00
Cumbria Police Authority	339,800.00	0.00	138,600.00	201,200.00
Darlington Borough Council	54,760,769.35	0.00	13,750,000.00	41,010,769.35
Denbighshire County Council	128,320,504.33	5,000,000.00	2,040,060.82	131,280,443.51
Derby City Council	265,435,532.53	0.00	20,140,149.53	245,295,383.00
Derbyshire County Council	371,023,911.77	10,000,000.00	10,000,861.77	371,023,050.00
Derbyshire Dales District Council	5,450,000.00	0.00	0.00	5,450,000.00
Derbyshire Fire Authority	15,441,340.16	0.00	678,928.18	14,762,411.98
Derbyshire Police Authority	8,903,505.63	0.00	466,096.10	8,437,409.53
Devon & Cornwall Police Authority	28,777,600.00	4,000,000.00	0.00	32,777,600.00
Devon & Somerset Fire & Rescue Authority	26,650,665.48	3,000,000.00	1,042,060.50	28,608,604.98

Borrower name	Balance at 31 March 2010 £	Advances in 2010-2011 £	Repayments in 2010-2011 £	Balance at 31 March 2011 £
Devon County Council	490,138,935.00	0.00	53,789,559.00	436,349,376.00
Doncaster Borough Council	294,442,338.03	0.00	7,500,000.00	286,942,338.03
Dorset County Council	107,635,239.10	20,000,000.00	620,427.70	127,014,811.40
Dorset Fire Authority	7,769,976.99	2,000,000.00	167,729.98	9,602,247.01
Dover District Council	4,002,223.92	0.00	727.87	4,001,496.05
Dudley Borough Council	194,631,383.09	0.00	2,287,604.91	192,343,778.18
Dumfries And Galloway Council	130,077,384.70	5,000,000.00	77,895.32	134,999,489.38
Dundee City Council	275,555,867.38	17,500,000.00	944,645.97	292,111,221.41
Durham County Council	289,435,128.32	10,000,000.00	9,955,275.52	289,479,852.80
Dyfed-Powys Police Authority	3,161,185.69	0.00	94,881.43	3,066,304.26
Ealing London Borough Council	515,646,310.00	40,000,000.00	0.00	555,646,310.00
East Ayrshire Council	135,203,063.11	0.00	29,236.53	135,173,826.58
East Devon District Council	0.00	1,244,500.00	0.00	1,244,500.00
East Dunbartonshire Council	101,087,645.25	0.00	5,020,636.69	96,067,008.56
East Hertfordshire District Council	1,500,000.00	0.00	0.00	1,500,000.00
East London Waste Authority	1,609,924.00	0.00	0.00	1,609,924.00
East Lothian Council	162,721,560.87	44,000,000.00	523,149.55	206,198,411.32
East Renfrewshire Council	69,269,942.83	0.00	120,171.40	69,149,771.43
East Riding Of Yorkshire Council	133,054,030.63	50,000,000.00	12,111,134.89	170,942,895.74
East Staffordshire District Council	11,018,800.47	2,100,000.00	124,854.43	12,993,946.04
East Sussex County Council	228,339,972.14	0.00	744.08	228,339,228.06
East Sussex Fire Authority	11,123,000.00	0.00	0.00	11,123,000.00
Eastbourne Borough Council	51,194,000.00	2,000,000.00	0.00	53,194,000.00
Eastleigh Borough Council	0.00	10,000,000.00	0.00	10,000,000.00
Eden District Council	522,500.00	0.00	55,000.00	467,500.00
Elmbridge Borough Council	1,500,000.00	0.00	0.00	1,500,000.00
Enfield London Borough Council	190,347,122.00	0.00	5,000,000.00	185,347,122.00
Essex County Council	244,721,821.76	40,000,000.00	1,035,509.96	283,686,311.80
Essex Fire Authority	40,400,000.00	0.00	0.00	40,400,000.00
Falkirk Council	111,630,047.26	10,000,000.00	0.00	121,630,047.26
Fareham Borough Council	123,000.00	123,000.00	123,000.00	123,000.00
Fenland District Council	7,462,919.00	0.00	2,462,919.00	5,000,000.00
Fife Council	218,108,417.44	0.00	77,893.21	218,030,524.23
Flintshire County Council	154,662,526.91	10,000,000.00	10,000,000.00	154,662,526.91
Fylde Borough Council	3,500,000.00	0.00	1,000,000.00	2,500,000.00
Gateshead Borough Council	375,407,546.28	88,500,000.00	28,695,313.26	435,212,233.02
Gedling Borough Council	6,811,576.80	3,000,000.00	0.00	9,811,576.80
Gloucester City Council	29,098,556.00	0.00	0.00	29,098,556.00
Gloucestershire County Council	294,114,895.00	15,000,000.00	2,431,630.00	306,683,265.00
Gloucestershire Police Authority	3,986,480.00	0.00	0.00	3,986,480.00
Gosport Borough Council	15,000,000.00	2,000,000.00	197,502.08	16,802,497.92
Grampian Joint Fire And Rescue Board	10,374,490.38	0.00	173,949.24	10,200,541.14
Grampian Joint Police Board	8,444,771.94	0.00	321,362.67	8,123,409.27
Gravesham Borough Council	810,000.00	0.00	81,000.00	729,000.00
Great Yarmouth Borough Council	22,949,325.56	3,000,000.00	2,065,727.77	23,883,597.79
Greater London Authority	0.00	800,000,000.00	0.00	800,000,000.00

Borrower name	Balance at 31 March 2010 £	Advances in 2010-2011 £	Repayments in 2010-2011 £	Balance at 31 March 2011 £
Greater Manchester Fire Authority	8,998,000.00	0.00	0.00	8,998,000.00
Greater Manchester Integrated Trans Auth	182,581,000.00	70,000,000.00	16,875,000.00	235,706,000.00
Greater Manchester Met Debt Admin Fund	183,915,398.08	11,240,000.00	21,970,224.02	173,185,174.06
Greater Manchester Passenger Transport E	17,322,000.00	0.00	0.00	17,322,000.00
Greater Manchester Police Authority	103,400,999.70	0.00	5,016,666.68	98,384,333.02
Greater Manchester Waste Disposal Auth	43,113,000.00	49,069,000.00	786,794.43	91,395,205.57
Greenwich London Borough Council	377,795,885.47	50,000,000.00	23,576,278.77	404,219,606.70
Guildford Borough Council	0.00	2,300,000.00	0.00	2,300,000.00
Gwent Police Authority	4,260,000.00	0.00	0.00	4,260,000.00
Gwynedd County Council	121,332,298.83	0.00	18,879,885.80	102,452,413.03
Hackney London Borough Council	600,951,336.64	100,000,000.00	53,530,996.69	647,420,339.95
Halton Borough Council	10,000,000.00	0.00	0.00	10,000,000.00
Hammersmith And Fulham London Borough C	475,520,100.20	0.00	0.00	475,520,100.20
Hampshire County Council	276,000,000.00	36,000,000.00	9,000,000.00	303,000,000.00
Hampshire Fire And Rescue Authority	7,450,000.00	900,000.00	0.00	8,350,000.00
Hampshire Police Authority	20,200,000.00	10,000,000.00	0.00	30,200,000.00
Harborough District Council	1,490,060.01	0.00	0.00	1,490,060.01
Haringey London Borough Council	510,811,361.50	44,000,000.00	52,005,244.80	502,806,116.70
Harlow District Council	5,800,000.00	0.00	0.00	5,800,000.00
Harrogate Borough Council	10,154,378.84	0.00	3,006,011.92	7,148,366.92
Harrow London Borough Council	130,322,910.28	0.00	322,910.28	130,000,000.00
Hartlepool Borough Council	1,777,617.10	0.00	0.00	1,777,617.10
Hastings Borough Council	12,000,000.00	0.00	2,500,000.00	9,500,000.00
Havering London Borough Council	37,986,077.47	0.00	0.00	37,986,077.47
Hereford & Worcester Combined Fire Auth	14,963,000.00	0.00	525,000.00	14,438,000.00
Herefordshire Council	113,147,301.55	32,000,000.00	17,045,475.96	128,101,825.59
Hertfordshire County Council	108,284,865.71	0.00	5,004,664.03	103,280,201.68
Hertfordshire Police Authority	16,455,000.00	0.00	0.00	16,455,000.00
High Peak Borough Council	32,792,504.00	0.00	0.00	32,792,504.00
Highland Council	445,250,648.47	30,000,000.00	0.00	475,250,648.47
Hillingdon London Borough Council	124,600,000.00	0.00	11,000,000.00	113,600,000.00
Hinckley And Bosworth Borough Council	4,300,000.00	0.00	0.00	4,300,000.00
Horsham District Council	4,000,000.00	0.00	0.00	4,000,000.00
Hounslow London Borough Council	191,480,268.38	0.00	309,434.30	191,170,834.08
Humberside Fire Authority	16,689,680.00	3,000,000.00	926,314.00	18,763,366.00
Humberside Police Authority	8,781,491.64	0.00	594,255.13	8,187,236.51
Huntingdonshire District Council	10,000,000.00	0.00	0.00	10,000,000.00
Hyndburn Borough Council	2,700,000.00	0.00	2,700,000.00	0.00
Inverclyde Council	80,779,351.54	20,000,000.00	5,003,233.06	95,776,118.48
Ipswich Borough Council	18,693,487.83	0.00	710,399.18	17,983,088.65
Isle Of Anglesey County Council	97,615,159.91	5,000,000.00	7,079.65	102,608,080.26
Isle Of Wight Council	112,888,000.00	0.00	0.00	112,888,000.00
Islington London Borough Council	771,901,013.48	75,000,000.00	143,865,259.70	703,035,753.78
Kensington And Chelsea London Borough C	192,529,290.97	0.00	10,184,565.97	182,344,725.00
Kent And Medway Towns Fire Authority	8,105,000.00	0.00	1,035,000.00	7,070,000.00
Kent County Council	660,563,747.47	90,000,000.00	46,030,833.23	704,532,914.24

Borrower name	Balance at 31 March 2010 £	Advances in 2010-2011 £	Repayments in 2010-2011 £	Balance at 31 March 2011 £
Kings Lynn And West Norfolk Borough C	1,900,000.00	0.00	200,000.00	1,700,000.00
Kingston Upon Hull City Council	305,875,913.23	20,000,000.00	40,152,384.06	285,723,529.17
Kingston Upon Thames London Borough C	89,385,895.58	0.00	17,133,414.24	72,252,481.34
Kirklees Borough Council	427,373,322.51	16,000,000.00	14,514,541.22	428,858,781.29
Knowsley Borough Council	104,484,098.05	0.00	51,767.32	104,432,330.73
Lambeth London Borough Council	609,140,316.17	0.00	8,713,524.03	600,426,792.14
Lancashire Combined Fire Authority	7,551,000.00	0.00	450,000.00	7,101,000.00
Lancashire County Council	540,020,294.14	165,750,000.00	296,420,294.14	409,350,000.00
Lancashire Police Authority	25,004,000.00	0.00	350,000.00	24,654,000.00
Lancaster City Council	39,215,079.00	0.00	0.00	39,215,079.00
Lee Valley Regional Park Authority	1,261,538.40	0.00	526,923.08	734,615.32
Leeds City Council	868,830,000.00	20,000,000.00	0.00	888,830,000.00
Leicester City Council	167,200,000.00	0.00	12,000,000.00	155,200,000.00
Leicester, Leics & Rutland Fire Auth	6,728,369.00	1,000,000.00	0.00	7,728,369.00
Leicestershire County Council	216,099,597.77	10,000,000.00	500,000.00	225,599,597.77
Leicestershire Police Authority	12,559,356.78	0.00	104,877.93	12,454,478.85
Lewisham London Borough Council	265,528,613.85	0.00	41,536,680.89	223,991,932.96
Lincolnshire County Council	393,010,999.19	76,255,000.00	20,057,927.27	449,208,071.92
Lincolnshire Police Authority	18,437,592.97	1,910,000.00	1,636,308.28	18,711,284.69
Littlehampton Harbour Board	1,546,785.11	0.00	72,957.38	1,473,827.73
Liverpool City Council	130,000,000.00	0.00	10,000,000.00	120,000,000.00
London Development Agency	389,000,000.00	0.00	9,000,000.00	380,000,000.00
London Fire And Emergency Planning Auth	118,050,000.00	2,000,000.00	5,925,000.00	114,125,000.00
Luton Borough Council	110,655,222.00	32,500,000.00	0.00	143,155,222.00
Manchester City Council	131,096,951.89	70,000,000.00	803,206.95	200,293,744.94
Manchester Port Health Authority	26,092.24	0.00	4,895.12	21,197.12
Mansfield District Council	44,869,528.62	0.00	57,002.12	44,812,526.50
Medway Council	96,476,653.41	0.00	25,046,296.94	71,430,356.47
Melton Borough Council	8,588,000.00	0.00	1,600,000.00	6,988,000.00
Merseyside Fire & Rescue Authority	45,575,000.00	0.00	2,500,000.00	43,075,000.00
Merseyside Integrated Transport Auth	240,963,214.51	0.00	8,299,222.41	232,663,992.10
Merseyside Met Debt Administration Fund	57,800,000.00	0.00	7,000,000.00	50,800,000.00
Merseyside Waste Disposal Authority	18,901,428.22	0.00	142,857.16	18,758,571.06
Merthyr Tydfil County Borough Council	46,599,491.68	0.00	8,189.48	46,591,302.20
Merton And Sutton Joint Cemetery Board	111.80	0.00	71.67	40.13
Merton London Borough Council	66,273,020.21	0.00	138,591.62	66,134,428.59
Metropolitan Police Authority	121,950,000.00	90,000,000.00	1,600,000.00	210,350,000.00
Mid And West Wales Fire Authority	7,624,782.59	1,500,000.00	345,359.44	8,779,423.15
Mid Suffolk District Council	18,023,615.59	0.00	182,109.97	17,841,505.62
Mid Sussex District Council	1,719,426.43	0.00	128,454.67	1,590,971.76
Middlesbrough Borough Council	47,000,000.00	0.00	0.00	47,000,000.00
Midlothian Council	121,288,141.77	30,000,000.00	10,021,424.60	141,266,717.17
Milton Keynes Borough Council	283,204,007.89	0.00	0.00	283,204,007.89
Monmouthshire County Council	64,418,632.38	13,529,000.00	13,564,199.41	64,383,432.97
Moray Council	94,616,675.17	4,000,000.00	500,000.00	98,116,675.17
Neath Port Talbot County Borough Council	146,453,569.83	0.00	34,138,418.11	112,315,151.72

Borrower name	Balance at 31 March 2010 £	Advances in 2010-2011 £	Repayments in 2010-2011 £	Balance at 31 March 2011 £
Newark And Sherwood District Council	53,148,441.03	0.00	4,511,264.22	48,637,176.81
Newcastle Upon Tyne City Council	429,203,064.50	50,000,000.00	61,202,781.56	418,000,282.94
Newham London Borough Council	612,684,166.72	0.00	2,242,639.38	610,441,527.34
Newport City Council	68,575,301.93	0.00	0.00	68,575,301.93
Norfolk County Council	495,048,000.00	0.00	10,000,000.00	485,048,000.00
Norfolk Police Authority	13,160,899.00	0.00	0.00	13,160,899.00
North Ayrshire Council	135,254,043.78	15,000,000.00	0.00	150,254,043.78
North Devon District Council	5,000,000.00	0.00	4,000,000.00	1,000,000.00
North East Derbyshire District Council	31,197,386.09	7,000,000.00	3,740,871.75	34,456,514.34
North East Lincolnshire Council	48,827,045.66	0.00	1,224,349.52	47,602,696.14
North Hertfordshire District Council	2,208,734.78	0.00	164,296.85	2,044,437.93
North Kesteven District Council	16,800,000.00	0.00	0.00	16,800,000.00
North Lanarkshire Council	343,989,508.00	60,000,000.00	12,013,352.88	391,976,155.12
North Lincolnshire Council	112,661,334.79	0.00	1,326,912.80	111,334,421.99
North London Waste Authority	0.00	95,000,000.00	0.00	95,000,000.00
North Somerset Council	108,650,000.00	8,810,000.00	7,000,000.00	110,460,000.00
North Tyneside Borough Council	264,750,000.00	40,000,000.00	20,000,000.00	284,750,000.00
North Wales Fire And Rescue Authority	15,971,761.33	4,000,000.00	7,080,666.68	12,891,094.65
North Wales Police Authority	11,082,169.32	0.00	1,598,057.59	9,484,111.73
North West Leicestershire District C	6,000,000.00	0.00	2,750,000.00	3,250,000.00
North Yorkshire County Council	303,916,414.45	75,000,000.00	8,791,653.03	370,124,761.42
North Yorkshire Fire & Rescue Authority	11,889,808.28	1,490,000.00	27,283.40	13,352,524.88
Northampton Borough Council	6,000,000.00	0.00	0.00	6,000,000.00
Northamptonshire County Council	280,431,698.19	105,000,000.00	80,001,153.44	305,430,544.75
Northamptonshire Police Authority	5,798,993.00	0.00	0.00	5,798,993.00
Northumberland County Council	75,311,991.99	60,000,000.00	12,582,071.14	122,729,920.85
Northumbria Police Authority	43,370,201.48	7,000,000.00	1,836,438.85	48,533,762.63
Norwich City Council	70,018,955.00	0.00	0.00	70,018,955.00
Nottingham City Council	441,986,028.94	20,000,000.00	6,000,000.00	455,986,028.94
Nottinghamshire County Council	181,429,819.52	0.00	6,367,002.13	175,062,817.39
Nottinghamshire Fire & Rescue Authority	20,712,820.00	3,000,000.00	54,718.06	23,658,101.94
Nottinghamshire Police Authority	10,728,440.63	10,000,000.00	1,271,062.00	19,457,378.63
Nuneaton And Bedworth Borough Council	12,750,000.00	2,000,000.00	0.00	14,750,000.00
Oadby And Wigston Borough Council	2,000,000.00	0.00	500,000.00	1,500,000.00
Oldham Borough Council	228,383,733.77	3,500,000.00	231,883,733.77	0.00
Orkney Islands Council	10,000,000.00	30,000,000.00	0.00	40,000,000.00
Oxford City Council	5,056,165.10	0.00	679,792.55	4,376,372.55
Oxfordshire County Council	362,092,618.00	30,000,000.00	7,678,275.85	384,414,342.15
Peak District National Park Authority	1,107,754.91	0.00	85,228.44	1,022,526.47
Pembrokeshire County Council	85,838,070.90	0.00	10,671,290.32	75,166,780.58
Pendle Borough Council	9,109,166.00	2,000,000.00	3,250,000.00	7,859,166.00
Perth And Kinross Council	142,838,354.84	27,500,000.00	20,161,290.32	150,177,064.52
Peterborough City Council	117,006,000.00	0.00	0.00	117,006,000.00
Plymouth City Council	28,889,285.55	33,665,367.00	1,239,883.50	61,314,769.05
Poole Borough Council	15,000,000.00	10,000,000.00	0.00	25,000,000.00
Portsmouth City Council	180,412,629.84	0.00	339,342.54	180,073,287.30

Borrower name	Balance at 31 March 2010 £	Advances in 2010-2011 £	Repayments in 2010-2011 £	Balance at 31 March 2011 £
Powys County Council	119,853,448.44	0.00	14,011,061.08	105,842,387.36
Preston City Council	6,887,564.94	0.00	2.28	6,887,562.66
Reading Borough Council	150,375,000.01	24,760,000.00	15,006,666.66	160,128,333.35
Redbridge London Borough Council	73,000,000.00	15,000,000.00	5,512,500.00	82,487,500.00
Redcar And Cleveland Borough Council	42,200,608.14	10,000,000.00	2,020,496.10	50,180,112.04
Renfrewshire Council	195,509,295.13	25,000,000.00	21,438.49	220,487,856.64
Rhondda Cynon Taff County Borough C	122,297,166.06	0.00	0.00	122,297,166.06
Ribble Valley Borough Council	578,131.31	0.00	71,107.66	507,023.65
Richmond Upon Thames London Borough C	35,847,895.00	5,000,000.00	0.00	40,847,895.00
Richmondshire District Council	2,250,000.00	0.00	0.00	2,250,000.00
Rochdale Borough Council	267,986,037.50	0.00	12,230,124.00	255,755,913.50
Rossendale Borough Council	4,600,000.00	0.00	184,000.00	4,416,000.00
Rotherham Borough Council	239,636,135.91	40,000,000.00	15,000,000.00	264,636,135.91
Royal Berkshire Fire Authority	8,842,000.00	0.00	0.00	8,842,000.00
Rugby Borough Council	3,920,934.00	0.00	0.00	3,920,934.00
Rutland County Council	21,386,323.30	0.00	0.00	21,386,323.30
Sandwell Borough Council	402,062,964.00	50,000,000.00	10,000,000.00	442,062,964.00
Scarborough Borough Council	2,500,107.93	0.00	2,500,029.38	78.55
Scottish Borders Council	120,131,362.19	0.00	0.00	120,131,362.19
Sedgemoor District Council	4,500,000.00	0.00	0.00	4,500,000.00
Sefton Borough Council	111,934,795.02	20,000,000.00	580,831.44	131,353,963.58
Selby District Council	4,625,056.85	0.00	1,012,309.71	3,612,747.14
Sheffield City Council	735,455,855.28	0.00	0.00	735,455,855.28
Shepway District Council	28,206,895.48	2,000,000.00	6,214,696.35	23,992,199.13
Shropshire & Wrekin Fire Authority	5,810,000.00	0.00	0.00	5,810,000.00
Shropshire Council	231,228,693.00	0.00	2,511,000.00	228,717,693.00
Slough Borough Council	45,442,390.31	24,000,000.00	25,850,665.60	43,591,724.71
Solihull Borough Council	122,200,000.00	0.00	4,000,000.00	118,200,000.00
Somerset County Council	173,250,000.00	0.00	0.00	173,250,000.00
South Ayrshire Council	128,597,966.52	0.00	135,327.25	128,462,639.27
South Gloucestershire Council	87,451,067.24	0.00	36,708.26	87,414,358.98
South Kesteven District Council	4,000,000.00	0.00	1,500,000.00	2,500,000.00
South Lakeland District Council	20,500,000.00	0.00	0.00	20,500,000.00
South Lanarkshire Council	551,108,431.52	202,000,000.00	19,755,717.15	733,352,714.37
South Ribble Borough Council	472,000.00	0.00	472,000.00	0.00
South Tyneside Borough Council	282,128,295.00	55,000,000.00	4,000,000.00	333,128,295.00
South Wales Fire And Rescue Authority	30,761,638.48	3,000,000.00	1,301,899.42	32,459,739.06
South Wales Police Authority	20,951,707.61	2,153,000.00	1,937,657.58	21,167,050.03
South West Middlesex Crematorium Board	13,220.00	0.00	2,495.00	10,725.00
South Yorkshire Fire & Rescue Authority	33,668,000.00	0.00	0.00	33,668,000.00
South Yorkshire Integrated Trans Auth	25,000,000.00	0.00	0.00	25,000,000.00
South Yorkshire Met Debt Admin Fund	102,012,246.92	0.00	5,600,000.00	96,412,246.92
South Yorkshire Passenger Transport E	192,375,000.00	0.00	0.00	192,375,000.00
South Yorkshire Police Authority	32,130,000.00	0.00	0.00	32,130,000.00
Southampton City Council	112,000,000.00	85,000,000.00	19,266,917.28	177,733,082.72
Southend-On-Sea Borough Council	155,274,183.73	50,000,000.00	10,000,000.00	195,274,183.73

Borrower name	Balance at 31 March 2010 £	Advances in 2010-2011 £	Repayments in 2010-2011 £	Balance at 31 March 2011 £
Southwark London Borough Council	761,708,966.96	0.00	0.00	761,708,966.96
St Albans District Council	1,500,000.00	0.00	0.00	1,500,000.00
St Helens Borough Council	70,385,852.68	0.00	3,782.52	70,382,070.16
Stafford Borough Council	3,000,000.00	0.00	0.00	3,000,000.00
Staffordshire County Council	448,958,490.36	0.00	25,033,962.28	423,924,528.08
Staffordshire Police Authority	43,500,000.00	2,000,000.00	0.00	45,500,000.00
Stevenage Borough Council	5,000,000.00	12,004,000.00	0.00	17,004,000.00
Stirling Council	121,766,251.97	10,000,000.00	100,000.00	131,666,251.97
Stockport Borough Council	234,491,221.77	35,000,000.00	2,233,585.51	267,257,636.26
Stockton-On-Tees Borough Council	207,397,012.13	0.00	201,867,250.58	5,529,761.55
Stoke-On-Trent & Staffordshire Fire Auth	17,750,000.00	2,000,000.00	0.00	19,750,000.00
Stoke-On-Trent City Council	215,330,000.00	0.00	0.00	215,330,000.00
Strathclyde Fire Board	38,324,984.12	0.00	1,780,603.08	36,544,381.04
Stroud District Council	0.00	800,000.00	0.00	800,000.00
Suffolk County Council	128,088,785.51	50,000,000.00	13,504,240.84	164,584,544.67
Suffolk Police Authority	0.00	10,000,000.00	110,027.21	9,889,972.79
Sunderland City Council	107,500,000.00	30,500,000.00	16,666.67	137,983,333.33
Surrey County Council	295,230,249.00	0.00	0.00	295,230,249.00
Sussex Police Authority	4,500,000.00	0.00	0.00	4,500,000.00
Sutton London Borough Council	49,621,579.33	0.00	127,577.54	49,494,001.79
Swansea City And County Council	244,824,513.36	0.00	5,977,526.19	238,846,987.17
Swindon Borough Council	73,049,143.21	0.00	7,061,531.88	65,987,611.33
Tameside Borough Council	131,368,197.36	0.00	14,467,563.34	116,900,634.02
Tamworth Borough Council	22,392,194.00	0.00	2,000,000.00	20,392,194.00
Taunton Deane Borough Council	12,000,000.00	0.00	6,000,000.00	6,000,000.00
Tayside Fire Board	4,200,000.00	0.00	1,800,000.00	2,400,000.00
Telford And Wrekin Council	63,023,909.93	10,000,000.00	10,500,584.22	62,523,325.71
Tendring District Council	22,331,488.88	0.00	193,728.40	22,137,760.48
Thames Valley Police Authority	31,800,000.38	0.00	1,162,000.00	30,638,000.38
Thanet District Council	22,146,033.81	2,000,000.00	2,000,206.14	22,145,827.67
Thurrock Borough Council	84,219,123.20	0.00	84,219,123.20	0.00
Torbay Borough Council	122,337,000.00	30,124,192.00	0.00	152,461,192.00
Torfaen County Borough Council	41,878,307.88	0.00	0.00	41,878,307.88
Torrige District Council	2,043,806.58	0.00	193,446.71	1,850,359.87
Tower Hamlets London Borough Council	231,574,922.92	51,000,000.00	6,599,957.80	275,974,965.12
Trafford Borough Council	46,427,665.08	0.00	1,435,964.36	44,991,700.72
Transport For London	2,725,465,820.00	0.00	0.00	2,725,465,820.00
Tunbridge Wells Borough Council	0.00	20,000,000.00	1,000,000.00	19,000,000.00
Tyne And Wear Integrated Transport Auth	56,560,000.00	20,000,000.00	10,000,000.00	66,560,000.00
Vale Of Glamorgan Council	97,767,986.86	0.00	889,831.29	96,878,155.57
Wakefield City Council	140,334,422.21	0.00	58,023.62	140,276,398.59
Walsall Borough Council	115,281,630.77	20,000,000.00	0.00	135,281,630.77
Waltham Forest London Borough Council	296,571,792.70	35,000,000.00	830,746.84	330,741,045.86
Wandsworth London Borough Council	6,219,085.17	0.00	48,108.00	6,170,977.17
Warrington Borough Council	38,200,000.00	36,000,000.00	70,634,524.97	3,565,475.03
Warwickshire County Council	335,448,935.03	40,000,000.00	4,047,610.62	371,401,324.41

Borrower name	Balance at 31 March 2010 £	Advances in 2010-2011 £	Repayments in 2010-2011 £	Balance at 31 March 2011 £
Warwickshire Police Authority	15,303,984.69	6,000,000.00	953,756.47	20,350,228.22
Waveney District Council	31,011,368.50	0.00	295.20	31,011,073.30
Waverley Borough Council	0.00	3,237,952.00	0.00	3,237,952.00
Wealden District Council	7,538,684.13	0.00	1,002,521.08	6,536,163.05
West Berkshire District Council	49,511,851.39	12,000,000.00	1,686,305.29	59,825,546.10
West Devon Borough Council	2,100,000.00	0.00	0.00	2,100,000.00
West Dorset District Council	13,625,000.00	0.00	1,350,000.00	12,275,000.00
West Dunbartonshire Council	137,359,914.09	24,458,000.00	20,079,324.38	141,738,589.71
West Lothian Council	338,796,121.05	61,000,000.00	2,500,000.00	397,296,121.05
West Mercia Police Authority	10,000,000.00	0.00	0.00	10,000,000.00
West Midlands Debt Administration Fund	197,839,339.07	0.00	7,687,314.07	190,152,025.00
West Midlands Integrated Transport Auth	134,693,923.83	0.00	1,166,122.77	133,527,801.06
West Midlands Police Authority	53,667,000.00	0.00	4,500,000.00	49,167,000.00
West Somerset District Council	0.00	3,500,000.00	0.00	3,500,000.00
West Sussex County Council	371,099,000.00	0.00	0.00	371,099,000.00
West Yorkshire Fire & Rescue Authority	49,322,267.42	4,000,000.00	985,354.48	52,336,912.94
West Yorkshire Integrated Transport Auth	61,500,000.00	0.00	5,000,000.00	56,500,000.00
West Yorkshire Police Authority	69,867,290.60	15,000,000.00	212,063.09	84,655,227.51
Western Riverside Waste Authority	13,000,000.00	5,000,000.00	500,000.00	17,500,000.00
Westminster City Council	131,704,620.49	30,000,000.00	291,023.49	161,413,597.00
Wigan Borough Council	354,721,743.42	0.00	9,644,430.17	345,077,313.25
Wiltshire And Swindon Fire Authority	6,643,000.00	0.00	170,833.34	6,472,166.66
Wiltshire Council	144,217,894.33	40,000,000.00	14,683.21	184,203,211.12
Windsor And Maidenhead Borough Council	44,299,400.00	0.00	125,000.00	44,174,400.00
Wirral Borough Council	48,728,809.00	10,000,000.00	9,250,000.00	49,478,809.00
Woking Borough Council	164,346,000.00	17,106,000.00	704,277.25	180,747,722.75
Wokingham District Council	23,588,064.00	0.00	0.00	23,588,064.00
Wolverhampton City Council	376,950,000.00	60,000,000.00	10,000,000.00	426,950,000.00
Worcester City Council	2,603,245.54	0.00	32,755.56	2,570,489.98
Worcestershire County Council	182,604,727.61	0.00	3,000,000.00	179,604,727.61
Worthing Borough Council	2,550,000.00	0.00	0.00	2,550,000.00
Wrexham County Borough Council	109,051,101.17	0.00	2,487,570.85	106,563,530.32
Wycombe District Council	7,000,000.00	0.00	2,000,000.00	5,000,000.00
Wyre Borough Council	3,552,000.00	0.00	1,000,000.00	2,552,000.00
York City Council	101,064,956.00	14,000,000.00	7,000,000.00	108,064,956.00



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