

## FAQs from PWLB Funding webinar 29 April 2020

<p>Which organisations can access the PWLB Lending Facility?</p>	<p>In England, town and parish councils;          In Wales, town and community councils          In England, applications should be sent to MHCLG at <a href="mailto:parishborrowing@communities.gov.uk">parishborrowing@communities.gov.uk</a>          In Wales, applications must be sent to the Local Government Finance Policy Division at <a href="mailto:LGFPmail@gov.wales">LGFPmail@gov.wales</a></p> <p>Source:  <a href="https://www.dmo.gov.uk/resposibilities/local-authority-lending-pwlb/parish-councils-and-drainage-boards/">https://www.dmo.gov.uk/resposibilities/local-authority-lending-pwlb/parish-councils-and-drainage-boards/</a></p>
<p>What is the minimum loan period available?</p>	<p>For Equal Instalment of Principal and Annuity loans -2years</p>
<p>What is the maximum loan period available?</p>	<p>For all loans – 50 years</p> <p>Source:  <a href="https://www.dmo.gov.uk/ static reports/Form%20LC2.pdf">https://www.dmo.gov.uk/ static reports/Form%20LC2.pdf</a></p>
<p>What repayment options are available to borrowers?</p>	<ul style="list-style-type: none"> <li>- Equal instalments of principal (principal amount is the same every 6 months with a reducing amount for interest)</li> <li>- Annuity (equal amount every 6 months within which the interest portion decreases over time and the principal amount increases)</li> <li>- Maturity (one payment of principal at maturity and interest every 6 months)</li> </ul> <p>Source:  <a href="https://www.dmo.gov.uk/ static reports/Form%20LC2.pdf">https://www.dmo.gov.uk/ static reports/Form%20LC2.pdf</a></p>
<p>What can loans be used for?</p>	<p>For capital expenditure only</p>
<p>Is there a maximum amount that can be borrowed?</p>	<p>There is no maximum amount specified. The key points to consider are affordability, impact on precept and plans for repayment. If the loan requirement is large for the size of the council it would be wise to speak early on to the local county association.</p>
<p>Can multiple loans be taken by a borrower?</p>	<p>Yes, but always subject to the formal application process to MHCLG.          MHCLG will consider all applications in the context of the ability of the authority to service all the debt held or being planned</p>

Are there any charges for loans?	For fixed rate loans, currently 35p/£1,000 (i.e. 0.035%) and for variable rate loans 45p/£1,000 (i.e. 0.045%)
How does a council apply for a loan?	All councils are eligible to apply for loans from PWLB. The initial approach <b>must</b> be made to the local county association member of the National Association of Local Councils (NALC), even if not a member of the association. They will have all the appropriate information and documentation and will advise and guide through the process. Usually applications are assessed by the county officer but may be considered by an Executive Committee.
If a loan is drawn in separate tranches are they treated as separate loans?	Yes.
Must a loan be drawn within a specified time?	Yes. Approved loans must be drawn within 12 months
Must the full amount of an approved loan be drawn down?	No. Any unused portion of a loan would be cancelled.
Are you aware of any plans to restrict the availability of funding because of the current situation?	No. There is no indication that this facility will be cut back or withdrawn.
Can a PWLB loan be used to refinance another loan that was used for a capital project.	By virtue of Schedule 1 para 2(3)(b) of the Local Government Act 2003 a Council does not need to submit a fresh application its refinancing, as long as (1) it involves borrowing for the purpose of borrowing monies borrowed in accordance with previous Secretary of State approvals, (2) and the new borrowing takes effect during the fixed rate period relating to its existing borrowing. If the refinancing does not satisfy the terms outlined in the approvals, then the Council must submit a new application to the Department. Note that debt repaid early may incur premium repayments (i.e. a penalty).
Can a parish council grant the proceeds to a bona fide community organisation?	Yes
Can a parish council on-lend the proceeds to any other entity?	No
Can a parish council use the proceeds to invest (e.g. by buying community shares) in a community business?	No
Can a parish council use the proceeds to purchase an asset (e.g. a pub or shop) and lease it commercially?	Yes
Can a council borrow more than one loan for different purpose?	Yes, subject to the usual criteria

<p>Can the loans be secured against assets of the council?</p>	<p>No. Loans are not formally secured. <i>'By statutory provision, loans to local authorities are automatically secured on the revenues of the authority rather than by reference to specific revenues, assets or collateral.'</i>  Source:  <a href="https://www.dmo.gov.uk/responsibilities/local-authority-lending/about-pwlb-lending/">https://www.dmo.gov.uk/responsibilities/local-authority-lending/about-pwlb-lending/</a></p>
<p>Is there a minimum level of responses to a public consultation required by MHCLG?</p>	<p>With regard to the consultation turnout, there is no specific minimum percentage amount required. However, it must be clear that ALL residents have been given the opportunity to vote. It should be noted that evidence will be sought showing how residents were informed that the consultation would be taking place and were given the opportunity to submit their views formally. However, if all or most residents vote against a precept increase, MHCLG would take that into consideration in determining whether or not an approval should be granted.</p>
<p>Is there a maximum percentage of a capital project cost that can be funded by a PWLB loan?</p>	<p>No there is no maximum but in many instances it is sensible to seek appropriate grant funding which may be available for things such as pubs, village halls etc</p>
<p>If a borrower has problems in servicing a loan (for example during the Covid-19 pandemic) to whom should they speak? MHCLG? Debt Management Office? Local association?</p>	<p>Contact should be made with the Debt Management Office using the contact details that the borrowing council normally uses.</p>