



## **Parish & Town Council Borrowing: Note for NALC Conference (31 October 2017)**

*[This note should be read alongside the  
Guide to Parish & Town Council Borrowing in England]*

### **What is parish and town council borrowing?**

- The Local Government Act 2003 enables parish councils in England to borrow capital monies to fund infrastructure projects.
- Projects have ranged from town hall repair work, to building new community buildings and investing in play areas.

### **What do I need to consider if my council would like to apply for a loan?**

- Most councils borrow from the Public Works Loan Board (PWLB), but can choose to borrow from other lenders.
- All applications to borrow must first be approved by the Secretary of State for the Department for Communities and Local Government (DCLG), to ensure you have appropriate public support and robust plans to pay off the loan.
- See overleaf for a list of the evidence DCLG requires to inform its decision as to whether to approve the loan application.
- Your NALC county association representative will also need to check and endorse your application.
- It is important that you are transparent and engage with the local residents on your proposal.

### **Where can I go for further information?**

- Contact your local NALC County Association representative in the first instance, who will be able to send you the official application form and guidance.
- Contact DCLG's Local Government Funding Policy Team:  
[Parish.Borrowing@communities.gsi.gov.uk](mailto:Parish.Borrowing@communities.gsi.gov.uk) or 0303 444 3132 (Shafi Khan)



## **What evidence do I need to provide to inform DCLG's approval decision?**

Complete the borrowing approval application form (available from your County Association rep) and make sure that you provide all the following supporting information:

### **1. Resolution to borrow**

- a. To evidence that council members are sighted on the project and application.
- b. You will need to provide a set of draft minutes, signed by Clerk and Chair.
- c. We recommend that the minutes be published online, to help keep residents informed

### **2. Budget**

- a. To understand the loan repayment provision within the context of the council's broader finance.
- b. An existing budget table and a draft for next year, if available
- c. The PWLB website can provide an Estimated Repayment Costs table for the amount of the loan you wish to apply for.

### **3. Report to Council / business case**

- a. To support why you require the funds.
- b. This can vary from a short summary report to multiple documents, depending on the amount you wish to apply for.

### **4. Affordability**

- a. To evidence how you will repay the loan during the term; a cash flow forecast table would be very useful to show your thinking.
- b. In addition to seeing the loan repayment provision in your budget, you should also highlight your reserves, any grants / income that will contribute towards loan repayments, and any existing loans

### **5. Precept increase**

- a. The details of any precept increase must be included on the application form, if applicable.
- b. A precept increase for the repayment of the loan must detail the percentage and monetary figures for the year.

### **6. Precept increase survey / public support**

- a. Could be through an online survey, on paper and/or following public presentations
- b. Must be clear and transparent, and demonstrate support for the project and how it will be funded

### **7. General project consultation**

- a. Regardless of precept increase there must be public support for the project or at the very least opportunities given to residents for their views / opinions / feedback on the project.



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- b. Along with the results we must see all the consultation materials produced either on paper or online; public presentations, etc.