



Ministry of Housing,
Communities &
Local Government

Parish Borrowing guidance during the COVID period

Context

The Parish Borrowing team at the Ministry for Housing Communities and Local Government (MHCLG) would like to thank you all for the continued support that Parish and Town Councils provide during these unprecedented times. The process for borrowing applications remains fundamentally unchanged. However, in light of these difficult times, this guidance sets out additional information to help provide clarity on elements of the approval process, and minor changes to protocol to ensure it operates as smoothly as possible.

Overview of responsibilities

The MHCLG Parish Borrowing team is responsible for assessing borrowing applications and addressing wider queries on Parish and Town Council borrowing policy. The Parish Borrowing team deal with all applications and, if successful, issue the borrowing approval letter on behalf of the Secretary of State. The MHCLG Parish Borrowing team does not provide the loan itself, only the authorisation for the loan.

Please be aware that the MHCLG Parish Borrowing team is currently experiencing a high volume of applications and queries, which alongside COVID-related pressures means that the team is taking longer than usual to respond in some cases.

Following a successful application for borrowing, the council may choose to borrow from the PWLB lending facility (PWLB). PWLB is managed by the UK Debt Management Office (DMO), an agency of HM Treasury. When the council receives the borrowing approval letter from MHCLG, the council will need to arrange drawdown of the loan with the team at the DMO.

Parishes should allow for at least one full week between applying to DMO for the loan drawdown and receiving the loan. Borrowing approvals are typically limited to a 12-month period, and councils will need to take into account the time needed to drawdown the loan to avoid missing any deadline set out within the approval letter.

Where authorities do miss the deadline they should, in the first instance, contact the MHCLG Parish Borrowing team.

Full guidance on the process can be found within the National Association of Local Councils (NALC) application form available from County associations.

In addition to standard applications, councils that are unable to meet the costs of debt repayments and have exhausted all possible options to manage the pressures, including those options set out in the original loan application, should contact the MHCLG Parish Borrowing team.



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Communications

Due to the current restrictions in place and limitations on travelling the MHCLG Parish Borrowing team would be grateful if all applications and associated evidence were submitted electronically to our shared mailbox:

Parish.Borrowing@communities.gov.uk

Hard copy applications should only be posted to the office in exceptional circumstances where a member of the team have been notified beforehand.

This Parish Borrowing mailbox is monitored on a daily basis and an automated response has been implemented to acknowledge receipt of applications. The Parish Borrowing team will be prioritising incoming cases on the basis of urgency and will seek to provide an initial response to your email in 2-3 days.

Due to the transition towards homeworking throughout the COVID period a landline telephone is *not currently available* for contacting the Parish Borrowing team. However, the Parish Borrowing team are currently providing the option to arrange Microsoft Teams meetings to discuss any aspect of council applications. Please contact the Parish Borrowing inbox to arrange a time slot if you feel this will be beneficial. Please also take note that aside to the digital meeting all information will need to be submitted and documented for the approval process and to maintain a sufficient audit trail.

Enquiries

In order to ensure that all correspondence is received by the correct Department and to prevent further delays in responses, councils should note the following distinction between MHCLG and DMO queries:

Parish borrowing enquiries or applications - Parish.Borrowing@communities.gov.uk

Financial assistance - Parish.Borrowing@communities.gov.uk

Loan extension requests - Parish.Borrowing@communities.gov.uk

Enquiries/ issues in servicing a loan - PWLB@dmo.gov.uk

Changes to payment details - PWLB@dmo.gov.uk

Drawing down approved loans - PWLB@dmo.gov.uk

The DMO has also made available information regarding the PWLB estimated repayment costs and loan application process which can be accessed on the DMO website via the following links:

<https://www.dmo.gov.uk/responsibilities/local-authority-lending/parish-councils-and-drainage-boards/>

<https://www.dmo.gov.uk/responsibilities/local-authority-lending/current-interest-rates/estimated-repayment-costs/>