

7 Borrowing and investments

7.1. **Table 7.1** sets local authority net external borrowing in the United Kingdom in the context of the Public Sector Finances. Detailed quarterly figures of both local government borrowing and lending in the United Kingdom are published in the monthly Office for National Statistics publication "Financial Statistics". The associated publication "Financial Statistics Explanatory Handbook" contains details of sources and definitions.

7.2. **Tables 7.2 and 7.3** give details of local authorities' borrowing and investments for England only. The figures in both tables exclude borrowing by one local authority from another.

7.1 Local government net cash requirement and net borrowing: 1995/96 to 2000/01: United Kingdom

	£million					
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Change in borrowing						
Temporary borrowing	200	(375)	(203)	(232)	57	86
Direct borrowing from central Government	473	1,517	955	1,869	1,400	1,119
Other longer term borrowing	(712)	(500)	(606)	(880)	(735)	(293)
Total change in borrowing	(39)	642	146	757	722	912
less change in investments (a)	(1,100)	(1,485)	(966)	(1,161)	(259)	1,538
Local Government Net Cash Requirement(LGNCR)(b)	(1.139)	(843)	(820)	(404)	979	(626)
Other Financial transactions (c)	664	(7)	737	530	(910)	41
Local Government Net Borrowing (LGNB)(d)	(475)	(850)	(83)	126	69	(585)
Public Sector Net Borrowing (PSNB)(d)	34.932	28.405	5.975	(5.500)	(16.362)	(18.784)

Sources: DTLR borrowing and lending inquiries; Public Works Loan Board, Bank of England and Office for National Statistics

- (a) An increase in investments is positive, a decrease in investments is negative.
- (b) The local authority net cash requirement (previously known as the local authority borrowing requirement) is the external borrowing by local authorities less changes in the level of their investments.
- (c) Includes trade credit, accruals adjustments and transactions in company securities.
- (d) Net borrowing is the difference between the net acquisition of all financial liabilities and the net acquisition of all financial assets, as defined under the European Systems of Accounts 1995. It can also be derived from all the resources and uses in the income and capital accounts, measured on an accruals basis. It is the main measure of the government's overall fiscal stance.

7.2 Local authority borrowing: 1995/96 to 2000/01

	Change in borrowing						Outstanding	Outstanding
							debt at	debt at
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	31 March 2000	31 March 2001
£million								
Temporary borrowing:								
Revenue bills	(1)	0	2	(2)	0	0	0	0
Banks	(90)	(21)	(44)	31	50	(27)	128	101
Building societies	(16)	8	(59)	10	(12)	(3)	30	27
Other financial institutions	87	59	122	(136)	(56)	45	404	449
Public corporations	(6)	(41)	14	(24)	32	(23)	85	62
Private non-financial corporations	5	(7)	(12)	0	2	4	8	12
Central government	(25)	(93)	(84)	41	61	17	210	227
Household sector	6	(4)	(6)	(13)	(1)	5	36	41
Other sources	(16)	(1)	(11)	0	(15)	(1)	5	4
Total	(56)	(100)	(78)	(93)	61	17	906	923
Longer term borrowing:								
Negotiable bonds	15	6	(15)	(5)	0	12	183	195
Listed securities other than bonds	134	76	30	30	0	(14)	561	547
Public Works Loan Board	374	736	400	1,175	985	740	34,072	34,812
Banks	42	(79)	(186)	(506)	(551)	(121)	1,279	1,158
Building societies	9	(105)	(60)	(52)	(76)	(50)	116	66
Other financial institutions	69	(29)	(14)	(53)	(23)	12	309	321
Public corporations	(36)	13	6	(21)	1	(5)	12	7
Private non-financial corporations	0	(2)	(7)	7	(1)	(1)	4	3
Central government	(27)	1	(9)	(11)	(5)	1	20	21
Household sector	16	(6)	(12)	(2)	1	(5)	25	20
Rest of the World	84	52	7	(32)	(84)	(50)	452	402
Other sources	(6)	(9)	(10)	3	(1)	9	33	42
Total	674	654	130	533	246	528	37,065	37,594
Total borrowing	618	554	52	440	307	545	37,971	38,517

Source: DTLR borrowing and lending inquiries; Public Works Loan Board

7.3 Local authority investments: 1995/96 to 2000/01

	Net investments						Outstanding	Outstanding
							amount at	amount at
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	31 March 2000	31 March 2001
£ million								
Deposits and Loans: Banks	605	737	1,371	(194)	(666)	1,107	5,822	6,929
Deposits and Loans: Building societies	25	190	(656)	159	464	(195)	3,880	3,685
Treasury bills	(7)	0	0	65	(22)	(43)	43	0
Certificates of deposit: Banks	0	3	(5)	5	(2)	8	0	8
Certificates of deposit: Building societies	(1)	0	0	0	0	0	0	0
British Government (Gilt-edge) securities	19	2	15	38	(19)	(4)	34	30
Other financial institutions	(8)	4	(13)	54	(5)	15	72	87
Public corporations	(3)	1	(1)	4	(3)	(1)	123	122
Externally managed funds	322	354	316	657	510	207	4,774	4,909
Other investments	15	(12)	17	108	90	151	116	267
Total investments	967	1,279	1,044	896	347	1,245	14,864	16,037

Source: DTLR borrowing and lending inquiries