

7. Oil price reviews will be carried out at three yearly intervals from the first review, which will be carried out early in 1990.
8. At the first review the Secretary of State shall determine the arithmetical average level over the three calendar years 1984, 1985 and 1986 of the monthly Crude Oil Price Index published in the Digest of UK Energy Statistics (the first figure), and the arithmetical average of the Crude Oil Price Index for the three calendar years 1987, 1988 and 1989 (the second figure), and shall express the increase or decrease between the first and second figure as a percentage of the first figure. The outcome of this calculation shall be called the percentage change.
9. At the second and all subsequent oil price reviews the Secretary of State shall perform an equivalent calculation based on the arithmetical average of the oil price index over the three calendar years immediately preceding the last oil price review and the arithmetical average of the oil price index in the last three calendar years immediately preceding the year of the review.
10. Except where he sets a deemed rental rate under paragraph 12, the Secretary of State shall set a new rental rate by applying the percentage change derived from the calculation referred to in either paragraph 8 or 9 above to the existing rental rate, and thereby producing a new rental rate.
11. Where the existing rental rate is a deemed rental rate the Secretary of State shall perform the calculation referred to in paragraph 8 or 9 above but substituting for the first figure the notional level of the Crude Oil Price Index which would have produced the existing deemed rental rate. He shall then apply the percentage change so derived to the existing deemed rental rate to produce a new rental rate.
12. The Secretary of State shall set a deemed rental rate when:
- the rental rate derived from the oil price review would be less than £1500 in which case the deemed rental rate will be £1500;
 - the rental rate derived from the oil price review represents less than a 10% change (either upwards or downwards) in the level of the existing rental rate (whether deemed or not), in which case the new deemed rental rate will be the same as the existing rental rate.

(30)

**RATES OF INTEREST ON LOANS BY THE
PUBLIC WORKS LOAN COMMISSIONERS TO
LOCAL AUTHORITIES**

NOTICE

TREASURY MINUTE dated 28th February 1989.

THE Lords Commissioners of Her Majesty's Treasury read Section 3(2) of the National Loans Act 1968 (1968 C.13 as amended) whereby any sums borrowed from the Public Works Loan Commissioners shall bear interest at such rates as the Treasury may determine from time to time in accordance with Section 5 of the said Act.

My Lords understand that the Public Works Loan Commissioners will be operating arrangements under which local authorities are permitted to borrow from the Commissioners up to a specified quota at a certain fixed rate of interest and in excess of such quotas at one of two higher fixed rates.

In accordance therewith the Chancellor of the Exchequer, now recommends that with effect from 1st March 1989 and until the coming into operation of a further determination:

- The rate of interest applicable to any such fixed rate loan will be that in force on the day the authority applies to borrow or, if the application is before noon three working days before the loan is credited to the account of the authority's banker, the rate in force at 11 a.m. two banking days before credit day;
- Different rates of interest shall be charged on such fixed rate loans according to whether the principal of a loan is repaid by instalments or at maturity and, if repaid by instalments, whether by equal instalments of the principal with interest

paid on the decreasing balance of the principal (E.I.P.) or by instalments of equal repayments of the principal and interest paid thereon (E.R.);

III. The rates of such interest shall be:—

P.W.L.B. Quota Rates	Per Cent per Annum Loans Repayable		
	By Instalments		At Maturity
	E.I.P.	E.R.	
1 year	—	—	12 $\frac{1}{4}$
Over 1 but not over 2 years	12 $\frac{1}{8}$	12	11 $\frac{1}{2}$
Over 2 but not over 3 years	11 $\frac{3}{8}$	11 $\frac{1}{4}$	11 $\frac{1}{8}$
Over 3 but not over 4 years	11 $\frac{3}{8}$	11 $\frac{1}{4}$	10 $\frac{7}{8}$
Over 4 but not over 5 years	11 $\frac{1}{8}$	11 $\frac{1}{8}$	10 $\frac{3}{4}$
Over 5 but not over 6 years	11	11	10 $\frac{3}{4}$
Over 6 but not over 7 years	10 $\frac{7}{8}$	10 $\frac{7}{8}$	10 $\frac{3}{8}$
Over 7 but not over 8 years	10 $\frac{7}{8}$	10 $\frac{3}{4}$	10 $\frac{1}{2}$
Over 8 but not over 9 years	10 $\frac{3}{4}$	10 $\frac{3}{4}$	10 $\frac{3}{8}$
Over 9 but not over 10 years	10 $\frac{3}{4}$	10 $\frac{1}{4}$	10 $\frac{1}{4}$
Over 10 but not over 15 years	10 $\frac{5}{8}$	10 $\frac{1}{4}$	9 $\frac{3}{4}$
Over 15 but not over 25 years	9 $\frac{7}{8}$	9 $\frac{3}{8}$	9 $\frac{3}{8}$
Over 25 years	9 $\frac{1}{2}$	9 $\frac{3}{8}$	9 $\frac{1}{4}$
<i>P.W.L.B. Non-quota A Rates</i>			
1 year	—	—	13
Over 1 but not over 2 years	13 $\frac{3}{8}$	13	12 $\frac{1}{4}$
Over 2 but not over 3 years	12 $\frac{5}{8}$	12 $\frac{3}{8}$	11 $\frac{7}{8}$
Over 3 but not over 4 years	12 $\frac{3}{8}$	12 $\frac{1}{4}$	11 $\frac{5}{8}$
Over 4 but not over 5 years	12 $\frac{1}{8}$	12 $\frac{1}{8}$	11 $\frac{1}{2}$
Over 5 but not over 6 years	11 $\frac{1}{2}$	11 $\frac{1}{2}$	11 $\frac{1}{4}$
Over 6 but not over 7 years	11 $\frac{3}{8}$	11 $\frac{3}{8}$	11 $\frac{1}{8}$
Over 7 but not over 8 years	11 $\frac{3}{8}$	11 $\frac{1}{4}$	11
Over 8 but not over 9 years	11 $\frac{1}{4}$	11 $\frac{1}{4}$	10 $\frac{7}{8}$
Over 9 but not over 10 years	11 $\frac{1}{4}$	11 $\frac{1}{4}$	10 $\frac{3}{4}$
Over 10 but not over 15 years	11 $\frac{1}{8}$	10 $\frac{3}{4}$	10 $\frac{1}{4}$
Over 15 but not over 25 years	10 $\frac{3}{8}$	10 $\frac{1}{8}$	9 $\frac{7}{8}$
Over 25 years	10	9 $\frac{7}{8}$	9 $\frac{3}{4}$

PWLB Non-quota B Rate loans will bear interest at 1 per cent above the corresponding Non-quota A rates.

The amount which a local authority borrows within its annual quota will bear interest at the appropriate rate in the quota set of rates. Authorities may borrow further sums at quota rates at the discretion of the Public Works Loan Commissioners. Other borrowing beyond the quota entitlement will be at the appropriate rate in the non-quota set of rates.

My Lords concur.

The Treasury determine the rates of interest accordingly.

Treasury Chambers,
Parliament Street,
London SW1P 3AG.

1st March 1989

(43)

**RATES OF INTEREST ON LOANS FROM
THE NATIONAL LOANS FUND**

NOTICE

THE Treasury in pursuance of Section 5 of the National Loans Act 1968 (as amended) hereby give notice that on or after 1st March 1989:—

- Different rates of interest shall apply according to whether the principal of a loan is repaid by instalments or at maturity and, if repaid by instalments, whether by equal instalments of the principal with interest paid on the decreasing balance of the principal (E.I.P.), or by instalments of equal repayments of the principal and interest paid thereon (E.R.);
- The lowest rates of interest satisfying the conditions laid down in Subsection (3) of the said Section 5 shall be:—