



# Education Act 1986

## 1986 CHAPTER 40

An Act to provide for the making of grants by the Secretary of State to the Fellowship of Engineering and the Further Education Unit and to make further provision in relation to the arrangements under Part VI of the Local Government, Planning and Land Act 1980 for the pooling of expenditure by local authorities on education and for connected purposes. [18th July 1986]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

### *Grants*

#### **1 Payment of grant**

- (1) The Secretary of State may out of money provided by Parliament make grants to—
  - (a) the body corporate constituted by Royal Charter and known at the passing of this Act as the Fellowship of Engineering; and
  - (b) the company formed and registered under the Companies Act 1948 and known at the passing of this Act as the Further Education Unit;in respect of expenditure incurred or to be incurred by either of them for the purpose of any of its activities.
- (2) In making a grant under this section the Secretary of State may impose conditions for any purpose mentioned in subsection (3) below and may also impose such other conditions as he thinks fit.
- (3) Those purposes are—
  - (a) requiring the repayment of the grant in whole or part if any other condition is not complied with ;
  - (b) where the grant is made in respect of capital expenditure, requiring the payment to the Secretary of State on the sale of, or of any part of, a grant-

---

*Status: This is the original version (as it was originally enacted).*

---

aided asset of such sums related to the value of the asset at the time of the sale as he may by notice in writing specify to the recipient of the grant as being in his opinion reasonable having regard to the extent to which the asset has been acquired, provided or improved as a result of the grant; and

- (c) requiring the payment of interest in respect of any period during which a sum due to the Secretary of State in accordance with any other condition remains unpaid.
- (4) A condition imposed under subsection (3)(b) above may require a payment to be made even if the grant has been repaid at the time of the sale; and in that subsection " grant-aided asset ", in relation to a grant, means an asset acquired, provided or improved as a result of the expenditure in respect of which the grant is made.

*Further provision in relation to the arrangements under Part VI of the Local Government, Planning and Land Act 1980 for pooling expenditure by local authorities on education, etc.*

## **2 Recovery of negative pooling adjustments**

- (1) In this section, "shortfall year", in relation to an authority, means any year in which the amount of block grant payable to the authority for that year is less than the amount, or aggregate amount, by which the block grant so payable to them falls to be decreased in accordance with the pooling provisions ; and the difference between the amount of block grant so payable to them and the amount of the decrease required is referred to as the authority's pooling deficit for that year.
- (2) Where, in consequence of any estimate or calculation made by him for the purposes of the pooling provisions or section 66 of the Local Government, Planning and Land Act 1980 (estimates and calculations of the amount of block grant payable to an authority for any year), it appears to the Secretary of State that any year is, or is likely to be, a shortfall year in relation to an authority, he shall calculate their pooling deficit for that year on the basis of the best information then available to him and notify the authority in writing accordingly.
- (3) Where, in consequence of any estimate or calculation made by him for the purposes of those provisions or that section, it appears to the Secretary of State that any calculation he has made for the purposes of this section is no longer accurate, he shall recalculate the pooling deficit of the authority concerned on the basis of the best information then available to him and notify them in writing accordingly or, if it appears to him, on the basis of that information, that the year in question is not, or is not now likely to be, a shortfall year in relation to that authority, he shall give them written notice of that fact.
- (4) Where any authority are notified under this section that a year is a shortfall year in relation to them, they shall be liable to pay to the Secretary of State an amount equal to their pooling deficit for that year as so notified to them from time to time.
- (5) The Secretary of State may, for the purpose of recovering any amount due to him from an authority under this section—
  - (a) require them to pay the whole or any part of the amount to him at such time or times as he thinks fit; and
  - (b) at such time or times as he thinks fit deduct the whole or any part of the amount from—
    - (i) the domestic rate relief grant payable to them for the year to which the liability relates or any subsequent year; or

- (ii) the block grant payable to them for any subsequent year.
- (6) Where it appears to the Secretary of State from any recalculation under this section that the year in question is not, or is not now likely to be, a shortfall year in relation to the authority concerned, he shall repay to them any sums already recovered in respect of their pooling deficit for that year.
- (7) Where it appears to the Secretary of State from any such recalculation that an authority's pooling deficit is, or is likely to be, less than the amount which he has previously notified to them as their deficit for the year in question, he shall repay to the authority the amount, if any, by which the sums recovered in respect of their pooling deficit for that year exceed his latest calculation of that deficit and may also repay to them such other sums so recovered as he thinks expedient.
- (8) Any calculation made for the purpose of determining whether any year is a shortfall year in relation to an authority shall take account of any adjustment which falls to be made under section 62 (adjustment of block grant for the purpose of balancing payments with the amount available for grant in any year) or 63A (adjustment of block grant for rates equalisation contribution) of the Act of 1980.

### **3 Payment of positive pooling adjustments**

- (1) The Secretary of State may, for the purpose of ensuring that the operation of the pooling provisions does not increase the total amount paid in respect of block grant for any year, direct in relation to any authority whose block grant for that year falls to be increased in accordance with those provisions that they shall cease to be entitled either to the whole or such part of that increase as he may direct but shall instead be entitled to a payment under this section (" a substitution payment") equal in amount to the block grant to which they cease to be entitled in pursuance of the direction.
- (2) Any direction under this section may be revoked or modified by a later direction.
- (3) Where the Secretary of State gives a direction under this section, he may direct that any sum already paid to the authority in respect of—
- (a) block grant for the year to which the direction relates; or
  - (b) a substitution payment for that year;
- including, in either case, any sum treated by virtue of a direction under this section as so paid, shall be treated as paid to them in respect of the substitution payment to which they are entitled in pursuance of the direction or, as the case may be, in respect of block grant for that year.
- (4) The Secretary of State shall be liable to pay any amount due to an authority in respect of a substitution payment and shall have, in relation to the payment of any such amount, the same powers as he has in relation to the payment of block grant.
- (5) Where the block grant payable to an authority for any year falls to be increased in accordance with the pooling provisions those provisions shall be read as requiring the amount of that increase to be paid to the authority irrespective of whether any block grant is otherwise payable to them for that year.

### **4 Application of sections 2 and 3 and supplementary provisions**

- (1) Sections 2 and 3 of this Act shall have effect only in relation to the year commencing on, and any year commencing after, 1st April 1986.

---

*Status: This is the original version (as it was originally enacted).*

---

(2) In those sections—

- (a) " the pooling provisions " means section 63 of, and Schedule 10 to, the Local Government, Planning and Land Act 1980 and any regulations for the time being in force under that Schedule (provisions relating to the adjustment of block grants in connection with the arrangements for pooling education expenditure of local authorities); and
- (b) " year " means a year for block grant purposes.

### *General*

## **5 Expenses**

There shall be paid out of money provided by Parliament any expenses incurred by the Secretary of State under this Act and any increase attributable to this Act in the sums payable out of moneys so provided under any other Act.

## **6 Short title, commencement and extent**

- (1) This Act may be cited as the Education Act 1986.
- (2) Section 1 of this Act shall come into force at the end of the period of two months beginning with the date on which this Act is passed. (3 This Act extends to England and Wales only.