



Local Government Act 1987

1987 CHAPTER 44

An Act to amend Part VIII of the Local Government, Planning and Land Act 1980; to make further provision about the adjustment of block grant in connection with education; and for connected purposes. [15th May 1987]

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:—

Capital expenditure

1 Payments in respect of capital expenditure.

Part VIII of the Local Government, Planning and Land Act 1980 (capital expenditure of local authorities etc.) shall have effect in relation to the year beginning with 1st April 1987 and subsequent years, and shall be deemed to have had effect in relation to the year beginning with 1st April 1986—

- (a) with the insertion after section 80 of the sections set out in Part I of the Schedule to this Act; and
- (b) with the further amendments set out in Part II of that Schedule (being amendments consequential on the insertion of those sections).

Block grant: education

2 Adjustments between England and Wales.

(1) Schedule 10 to the 1980 Act (block grant adjustment for education) shall be amended as follows—

- (a) in paragraphs 1(2), (3)(a) and (b) and (4) for “education expenditure” there shall be substituted “qualifying education expenditure”,

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- (b) in paragraph 1(3)(a) and (b) the words “(after taking account of recoupment)” shall be omitted, and
 - (c) paragraph 3(4) shall be omitted.
- (2) In that Schedule the following shall be substituted for paragraph 3(3)—
- “(3) References to the qualifying education expenditure for a year are to the aggregate of the following amounts of expenditure in connection with further education of an advanced character, including the training of teachers, namely—
- (a) such amount of expenditure to which paragraph 5 below applies as the Secretary of State estimates has been or will be incurred for the year by all local authorities in England and Wales, and
 - (b) such amounts of expenditure to which paragraph 6 below applies as are, or he estimates will be, specified for the year by or under regulations made under paragraph 6(1)(a) and (b) below.
- (3A) References to the qualifying education expenditure for a year of local authorities in England or Wales (as the case may be) are to such of the qualifying education expenditure for the year as the Secretary of State estimates has been or will be incurred for the year by all local authorities in England or Wales (as the case may be).”
- (3) Subsections (1) and (2) above shall have effect in relation to the year beginning in 1988 and subsequent years.
- (4) In relation to the year beginning in 1986 and to that beginning in 1987—
- (a) after the passing of this Act Part I of Schedule 10 to the 1980 Act shall have effect with the amendments mentioned in subsections (1) and (2) above, and
 - (b) anything done (including an adjustment made) after the passing of this Act under that Part shall be done by reference to that Part with those amendments.
- (5) In this section “the 1980 Act” means the Local Government, Planning and Land Act 1980 and “year” has the same meaning as in Part VI of that Act.

3 Adjustments for advanced further education.

- (1) When the Secretary of State pays 1987 block grant to an English local education authority he may make an adjustment designed to conclude the course of action adopted by him before the passing of this Act as regards 1981 block grant in purported compliance with paragraph 6 of Schedule 10 to the 1980 Act and regulations under that paragraph.
- (2) Any adjustment under subsection (1) above shall be made by a method determined by the Secretary of State.
- (3) Any method determined under subsection (2) above shall be determined in accordance with principles to be applied to all English local education authorities.
- (4) Before he determines any method under subsection (2) above the Secretary of State shall consult such associations of local authorities as appear to him to be concerned and any local education authority with whom consultation appears to him to be desirable.

- (5) References in this section to 1981 block grant and 1987 block grant are respectively to block grant for the year beginning in 1981 and block grant for the year beginning in 1987.
- (6) In this section “the 1980 Act” means the Local Government, Planning and Land Act 1980, “local authority” means any body which is a local authority for the purposes of Part VI of that Act, and “year” has the same meaning as in that Part.
- (7) This section shall come into force at the end of the period of two months beginning with the day on which this Act is passed.

General

4 Citation and extent.

- (1) This Act may be cited as the Local Government Act 1987.
- (2) This Act extends to England and Wales only.

SCHEDULE

AMENDMENTS OF PART VIII OF THE LOCAL GOVERNMENT, PLANNING AND LAND ACT 1980

PART I

SECTIONS INSERTED AFTER SECTION 80

“80A Payment for works.

- (1) Subject to the following provisions of this section, where any works are or are to be carried out for any authority or, by virtue of subsection (9) below, are to be treated as if they were or were to be so carried out, the authority in question—
 - (a) shall be taken for the purposes of this Part of this Act to make payments in respect of expenditure on the works at the times and of the amounts determined in accordance with subsection (3) or, as the case may be, subsection (4) below; but
 - (b) shall not be taken for those purposes to pay or to have paid any other amount in respect of expenditure on those works, either at those times or at any other times.
- (2) An amount which is taken in pursuance of this section to have been paid at any time by an authority shall accordingly be treated as an item of account within the meaning of section 19 of the Local Government Finance Act 1982 (declaration that item of account is unlawful).
- (3) Where any works are carried out in the course of a single year (“the relevant year”), the payments that the authority shall be taken to make in respect of expenditure on the works are—
 - (a) a payment in the relevant year of an amount equal to the aggregate of—
 - (i) the amount (if any) which was actually paid in the relevant year by the authority in respect of expenditure on the works; and
 - (ii) the amount (if any) which was actually paid before the beginning of the relevant year by the authority in respect of expenditure on the works;
 - and
 - (b) a payment in the year following the relevant year of an amount equal to the amount (if any) by which the value of the works exceeds the aggregate amount which is taken by virtue of paragraph (a) above to have been paid in the relevant year by the authority in respect of expenditure on the works.
- (4) Where any works are carried out in the course of two or more years (“the relevant years”), the payments that the authority shall be taken to make in respect of expenditure on the works are—
 - (a) a payment in the first of the relevant years of an amount equal to the aggregate of—
 - (i) the amount (if any) which was actually paid in the first of the relevant years by the authority in respect of expenditure on the works; and
 - (ii) the amount (if any) which was actually paid before the beginning of the first of the relevant years by the authority in respect of expenditure on the works;

- (b) a payment in each of the relevant years after the first of an amount equal to the aggregate of—
 - (i) the amount (if any) which was actually paid in the year in question by the authority in respect of expenditure on such of the works as were carried out in the year in question; and
 - (ii) the amount (if any) by which the value of such of the works as were carried out before the beginning of the year in question exceeds the aggregate of the amounts which are taken by virtue of this subsection to have been paid before the year in question by the authority in respect of expenditure on any of the works;and
 - (c) a payment in the year following the last of the relevant years of an amount equal to the amount (if any) by which the value of all the works exceeds the aggregate amount taken by virtue of this subsection to have been paid in the relevant years by the authority in respect of expenditure on those works.
- (5) For the purposes of subsections (3) and (4) above the value at any time of any works shall be taken to be equal to the aggregate of—
- (a) the amounts which have actually been paid by the authority in question in respect of expenditure on the works; and
 - (b) the amounts which have not been so paid but are determined by that authority to have fallen due for actual payment by the authority in respect of expenditure on the works or to be likely to fall due for such payment;
- and, if the Secretary of State has given to any authority, to authorities of any description or to authorities generally any directions as to the manner of making determinations for the purposes of paragraph (b) above, the authority or authorities to whom the directions have been given shall make their determinations for those purposes in accordance with those directions.
- (6) Subsection (1) above shall not apply in relation to any works in so far as they consist in an acquisition for the purposes of section 80 above of an interest in or right over property or in works the value of which is treated as paid at a particular time in accordance with subsection (6) of that section.
- (7) Subsection (1) above shall not apply in relation to such cases, to such works or to such authorities as may be specified in or determined under regulations; and regulations under this subsection may contain provision which—
- (a) for the purposes of this Part of this Act treats amounts determined under the regulations as paid, at the times so determined, in respect of expenditure on any works in relation to which subsection (1) above does not apply by virtue of this subsection; and
 - (b) requires payments actually made in respect of expenditure on any such works to be disregarded for those purposes.
- (8) Subsection (1) above shall not apply in relation to any works in so far as they consist in works in respect of expenditure on which the authority in question makes actual payment by virtue of an obligation arising under arrangements entered into on or before 22nd July 1986, unless the obligation arises as the result of the exercise after that date of any option conferred by the arrangements.
- (9) Without prejudice to section 82 below, works shall be treated for the purposes of subsection (1) above as carried out for an authority in such cases as may be specified in or determined under regulations.

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80B Payments of grants and advances.

Provision may be made by regulations which, in relation to such cases, to such grants or advances or to such authorities as may be specified in or determined under the regulations

- (a) for the purposes of this Part of this Act treats amounts determined under the regulations as paid, at the times so determined, in respect of expenditure on the making of grants or advances; and
- (b) requires payments actually made in respect of any such expenditure to be disregarded for those purposes.”

PART II

FURTHER AMENDMENTS OF PART VIII

- 1 (1) In subsection (1)(a) of section 78 of the Local Government, Planning and Land Act 1980 (directions prohibiting the making of payments), for the words from “make” to “aggregate” there shall be substituted the words “do anything the effect of which is that the aggregate of the payments made in any year by the authority in respect of prescribed expenditure exceeds the aggregate of”.
- (2) Subsection (2) of that section (power to vary or revoke directions) shall be omitted.
- 2 (1) In subsection (1) of section 79 of that Act (contravention of Part VIII not in itself beyond the powers of an authority), for the words from “make” to “exceeding” there shall be substituted the words “do anything on the ground only that to do that thing would have the effect that the aggregate of the payments made in any year by the authority in respect of prescribed expenditure exceeds”.
- (2) In subsection (2) of that section (contravention of direction is beyond powers of authority), for the words from “make” to “contract” there shall be substituted the words “do anything”.
- 3 (1) In subsection (1) of section 80 of that Act (payments in respect of acquisition of property), for the words from “shall be taken” onwards there shall be substituted the words—
 - “(a) shall be taken to pay an amount calculated in accordance with subsections (3) and (4) and (8) to (13) below at the time of, and in respect of expenditure on, the acquisition; but
 - (b) shall not be taken to pay or to have paid any other amount in respect of expenditure on the acquisition at that or any other time.”
- (2) In subsection (2) of that section (deemed payments treated as items of account), for the words “A payment of an amount so calculated” there shall be substituted the words “An amount which is taken in pursuance of this section to have been paid at any time by an authority”.
- (3) After subsection (6) of that section (work on land in which a leasehold interest is acquired), there shall be inserted the following subsection—
 - “(6A) For the purposes of subsection (6) above the value at any time of any work carried out in respect of a building to be erected on land in which an authority has acquired a leasehold interest shall be taken to be equal to the aggregate of—

- (a) the amounts which have actually been paid by the authority in respect of expenditure on the work; and
- (b) the amounts which have not been so paid but are determined by the authority to have fallen due for actual payment by the authority in respect of expenditure on the work or to be likely to fall due for such payment;
- and if the Secretary of State has given to any authority, to authorities of any description or to authorities generally any directions as to the manner of making determinations for the purposes of paragraph (b) above, the authority or authorities to whom the directions have been given shall make their determinations for those purposes in accordance with those directions.”
- 4 (1) After paragraph (a) of subsection (1) of section 82 of that Act (application of Part VIII to Passenger Transport Executives) there shall be inserted the following paragraph—
- “(aa) any works which are or are to be carried out for an Executive or, by virtue of subsection (1A) below, are to be treated as if they were or were to be so carried out shall be treated as if they were or were to be carried out for that authority;”.
- (2) After that subsection there shall be inserted the following subsection—
- “(1A) Works shall be treated for the purposes of subsection (1)(aa) above as carried out for an Executive in such cases as may be specified in or determined under regulations.”
- 5 In section 84 of that Act (regulations under Part VIII), after subsection (5) there shall be inserted the following subsection—
- “(5A) Regulations made by virtue of section 80A, 80B or 82(1A) above may be made so as to have effect in relation to times before the regulations were made, including times before the Local Government Act 1987 (by virtue of which those provisions have effect) was passed.”
- 6 In section 85 of that Act (supplementary provisions for Part VIII), after subsection (1) there shall be inserted the following subsections—
- “(1A) Before giving any direction under section 80(6A) or 80A(5) above the Secretary of State shall consult such associations of authorities as appear to him to be concerned and any authority with whom consultation appears to him to be desirable.
- (1B) Any power of the Secretary of State to give directions under this Part of this Act shall include power to vary or revoke a direction given in exercise of that power.”