

SCHEDULES

SCHEDULE 3

PROVISIONS SUPPLEMENTING PART IV

PART III

CREDIT CEILING

- 8 (1) Subject to any prescribed modifications, the credit ceiling of a local authority at 1st April 1990 (in this Schedule referred to as the authority's "initial credit ceiling") is the amount by which the aggregate of—
- (a) so much of any advances made before that date from a loans fund established by the authority under paragraph 15 of Schedule 13 to the Local Government Act 1972 as has not been repaid before that date, and
 - (b) the total cost of the authority's transitional credit arrangements, as defined in section 52 of this Act, less such (if any) as may be excluded from this paragraph by regulations made by the Secretary of State,
- exceeds the total of the receipts which the authority are required to bring into account under paragraph 9 below; and, if there is no such excess, the authority's initial credit ceiling shall be nil or, as the case may be, a negative amount.
- (2) In sub-paragraph (1) above "prescribed" means prescribed by regulations made by the Secretary of State.
- 9 (1) Subject to sub-paragraph (2) below, the receipts which a local authority are required to bring into account to determine their initial credit ceiling are the following 1980 Act receipts, namely,—
- (a) those which on 1st April 1990 are required to be set aside as provision to meet credit liabilities; and
 - (b) those which, on or before 30th September 1990, the authority determine, in accordance with section 60(2) of this Act, to set aside as provision to meet credit liabilities.
- (2) A local authority are not under sub-paragraph (1) above required to bring into account so much of any capital receipt as, in accordance with section 50(3) of this Act, is applied by the authority as provision to meet credit liabilities unless it is so applied in relation to a credit arrangement excluded by regulations under paragraph 11 below.
- 10 (1) At any time on or after 1st April 1990, a local authority's credit ceiling shall be determined, subject to any prescribed modifications, in accordance with the following provisions of this Part of this Schedule.
- (2) In sub-paragraph (1) above "prescribed" means prescribed by regulations made by the Secretary of State.
- 11 (1) If, at any time on or after 1st April 1990, a credit approval is used by a local authority to any extent as mentioned in section 56(3) of this Act, then, subject to sub-

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paragraph (2) below, the authority's credit ceiling shall at that time be increased by an amount equal to the extent to which the credit approval is so used.

- (2) If, in reliance on a credit approval, a local authority enter into or agree to the variation of a credit arrangement of a description excluded by regulations made by the Secretary of State under this paragraph, no account shall be taken under sub-paragraph (1) above of that use of the credit approval.
- 12 (1) If, at any time on or after 1st April 1990, a local authority set aside an amount as provision to meet credit liabilities (whether or not pursuant to a requirement to do so) then, subject to sub-paragraph (2) below, the authority's credit ceiling shall at that time be reduced by an amount equal to the amount so set aside (and, by virtue of this paragraph, that ceiling may, accordingly, be a negative amount).
- (2) This paragraph does not apply with respect to—
- (a) an amount which, in relation to a credit arrangement, other than one excluded by regulations under paragraph 11 above, is applied or charged (as an amount of credit cover) as mentioned in paragraph (b) or paragraph (c) of subsection (3) of section 50 of this Act; or
 - (b) a 1980 Act receipt which, in accordance with paragraph 9 above, is brought into account to determine the authority's initial credit ceiling; or
 - (c) so much of an amount set aside under section 63 of this Act as provision to meet credit liabilities as (in accordance with Part IV of this Schedule) is referable to notional interest on credit arrangements.
- (3) For the purposes of this paragraph, an amount set aside under subsection (1) of section 63 of this Act in respect of any financial year shall be treated as set aside on the last day of that year.
- 13 If, at any time on or after 1st April 1990 a local authority apply or transfer under subsection (2) of section 64 of this Act an amount set aside as mentioned in subsection (1) of that section, the authority's credit ceiling shall at that time be increased by an amount equal to the amount so applied or transferred.
- 14 (1) If, at any time on or after 1st April 1990, any debt of a local authority is reduced or extinguished by virtue of such a payment as is referred to in section 157(1)(b) of this Act, the authority's credit ceiling shall at that time be reduced by an amount equal to the reduction in the debt or, as the case may be, to the amount of the extinguished debt (and, by virtue of this paragraph, the credit ceiling may, accordingly, be a negative amount).
- (2) If, at any time on or after 1st April 1990, a local authority are required under section 157(7)(b) of this Act to repay or pay any sum to the Secretary of State, the authority's credit ceiling shall at the time that sum is repaid or paid be increased by an amount equal to that sum.