



Local Government and Housing Act 1989

1989 CHAPTER 42

PART IX

MISCELLANEOUS AND GENERAL

Miscellaneous local government provisions

157 Commutation of, and interest on, periodic payments of grants etc.

- (1) In any case where, by virtue of any enactment, the Secretary of State has a power or duty to make to a local authority any annual or other periodic payments by way of contribution, grant or subsidy towards expenditure incurred or to be incurred by the local authority, the Secretary of State—
 - (a) may determine to commute any such payments which would otherwise fall due on or after 1st April 1990 either into a single payment or into such number of payments (being less than would otherwise be payable) as he considers appropriate; and
 - (b) may, if he thinks it appropriate, pay to the [^{F1}Treasury, in respect of local loans made under section 3 of the National Loans Act 1968] the whole or any part of any single or other payment determined under paragraph (a) above so as to reduce or extinguish such debt (whether then due or not) of the local authority to [^{F2}the Treasury] as the Secretary of State thinks fit.
- (2) The amount required to reduce or extinguish a debt as mentioned in paragraph (b) of subsection (1) above shall be such as may be determined by the [^{F3}Treasury] and where, by virtue of that paragraph, only part of a commuted payment is paid to [^{F4}the Treasury], the balance shall be paid to the local authority concerned.
- (3) Subsection (1) above applies whether the annual or other periodic payments began, or would otherwise begin, before, on or after the passing of this Act and applies notwithstanding anything in any enactment requiring the paymentsto be made over a period of twenty years or any other specified period.

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- (4) A single or other payment falling to be made by virtue of subsection (1) above is in this section referred to as a “commuted payment” and the calculation of the amount of any commuted payment shall be such as appears to the Secretary of State to be appropriate.
- (5) In any case where the amount of any annual or other periodic payment such as is mentioned in subsection (1) above is, at the passing of this Act, calculated by reference to a rate of interest which varies from time to time, the Secretary of State may substitute a fixed rate of interest.
- (6) In this section “local authority”, as respects England and Wales, means any of the following—
- (a) a county council;
 - [^{F5}(aa) a county borough council;]
 - (b) a district council;
 - (c) a London borough council;
 - (d) the Common Council of the City of London;
 - (e) the Council of the Isles of Scilly;
 - (f) the Metropolitan Police Authority;
 - [^{F6}(g) a police authority established under [^{F7}section 3 of the ^{M1}Police Act 1996];]
 - (ga) ^{F8}
 - (h) a joint authority established by Part IV of the ^{M2}Local Government Act 1985; and
 - (i) a residuary body established under Part VII of that Act;
 - [^{F9}(j) an economic prosperity board established under section 88 of the Local Democracy, Economic Development and Construction Act 2009; ^{F10} ...]
 - (k) a combined authority established under section 103 of that Act;]
 - [^{F11}(l) a combined county authority established under section 9(1) of the Levelling-up and Regeneration Act 2023;]
- and, as respects Scotland, means a [^{F12}a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994] or a joint board or joint committee within the meaning of section 235(1) of the ^{M3}Local Government (Scotland) Act 1973.
- (7) If, after a commuted payment has been made to a local authority or to the [^{F13}Treasury], it appears to the Secretary of State that the payment was smaller or greater than it should have been (whether by virtue of a miscalculation, the occurrence of any event, the failure to comply with any condition or otherwise) the Secretary of State may, as the case may require,—
- (a) make a further payment to the authority concerned or to [^{F14}the Treasury]; or
 - (b) require the repayment or payment to him by that authority of such sum as he may direct.
- (8) Without prejudice to the operation of the preceding provisions of this section, with respect to—
- (a) any contribution in respect of an expense incurred on or after 1st April 1990; and
 - [^{F15}(b) so much of any contributions in respect of an expense incurred on or after 1st April 1989 and before 1st April 1990 as have not been made before 1st April 1990]

section 569 of the ^{M4}Housing Act 1985 (contribution by Secretary of State to certain expenses incurred by local housing authorities) shall be amended as follows -

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- (i) in subsection (2) (which relates to contributions as annual payments) for the words following “shall be” there shall be substituted the words “equal to the relevant percentage of the amount of the expense incurred”; and
 - (ii) subsection (5) (which relates to annual loan charges) shall cease to have effect.
- (9) Without prejudice to the generality of section 230 of the ^{M5}Local Government Act ^{M6}1972 or section 235(1) of the Local Government (Scotland) Act 1973 (local authorities’ duty to make reports and returns to the Secretary of State), every local authority and the Inner London Education Authority shall furnish to the Secretary of State such information as he may by notice in writing reasonably require for the purposes of this section and, if the notice so specifies, any such information shall be certified and audited in such manner and supplied not later than such date and in such form as may be so specified.
- (10) Nothing in this section applies in relation to any payments to which, under Part IV of Schedule 15 to the Housing Act 1985 (superseded contributions etc.: town development subsidy), provision already exists for the commutation of payments.

Textual Amendments

- F1** Words in s. 157(1)(b) substituted (25.2.2020) by The Public Bodies (Abolition of Public Works Loan Commissioners) Order 2020 (S.I. 2020/176), art. 1(2), **Sch. 1 para. 78(2)(a)** (with art. 9)
- F2** Words in s. 157(1)(b) substituted (25.2.2020) by The Public Bodies (Abolition of Public Works Loan Commissioners) Order 2020 (S.I. 2020/176), art. 1(2), **Sch. 1 para. 78(2)(b)** (with art. 9)
- F3** Word in s. 157(2) substituted (25.2.2020) by The Public Bodies (Abolition of Public Works Loan Commissioners) Order 2020 (S.I. 2020/176), art. 1(2), **Sch. 1 para. 78(3)(a)** (with art. 9)
- F4** Words in s. 157(2) substituted (25.2.2020) by The Public Bodies (Abolition of Public Works Loan Commissioners) Order 2020 (S.I. 2020/176), art. 1(2), **Sch. 1 para. 78(3)(b)** (with art. 9)
- F5** S. 157(6)(aa) inserted (7.1.1997) by S.I. 1997/3071, art. 2, **Sch. para. 3(9)**
- F6** S. 157(6)(g) substituted (1.10.1994 for certain purposes otherwise 1.4.1995) by 1994 c. 29, s. 43, **Sch. 4 Pt. 1 para. 43**; S.I. 1994/2025, **art. 6**; S.I. 1994/3262, art. 4, **Sch.** (subject to art. 5)
- F7** Words in s. 157(6)(g) substituted (22.8.1996) by 1996 c. 16, ss. 103, 104(1), **Sch. 7 Pt. 1 para. 1(2)(zd)**
- F8** S. 157(6)(ga) repealed (1.4.2002) by 2001 c. 16, ss. 128(1), 137, Sch. 6 Pt. 2 para. 54, Sch. 7 Pt. 5; S.I. 2002/344, **art. 3** (with transitional provision in art. 4)
- F9** S. 157(6)(j)(k) inserted (17.12.2009) by Local Democracy, Economic Development and Construction Act 2009 (c. 20), s. 148(6), **Sch. 6 para. 81(7)**; S.I. 2009/3318, art. 2(c)
- F10** Word in s. 157(6)(j) omitted (26.12.2023) by virtue of Levelling-up and Regeneration Act 2023 (c. 55), s. 255(2)(c), **Sch. 4 para. 104(a)** (with s. 247)
- F11** S. 157(6)(l) inserted (26.12.2023) by Levelling-up and Regeneration Act 2023 (c. 55), s. 255(2)(c), **Sch. 4 para. 104(b)** (with s. 247)
- F12** Words in s. 157(6) substituted (1.4.1996) by 1994 c. 39, s. 180(1), **Sch. 13 para. 161(13)** (with s. 128(8)); S.I. 1996/323, **art. 4(1)(c)**
- F13** Word in s. 157(7) substituted (25.2.2020) by The Public Bodies (Abolition of Public Works Loan Commissioners) Order 2020 (S.I. 2020/176), art. 1(2), **Sch. 1 para. 78(4)(a)** (with art. 9)
- F14** Words in s. 157(7)(a) substituted (25.2.2020) by The Public Bodies (Abolition of Public Works Loan Commissioners) Order 2020 (S.I. 2020/176), art. 1(2), **Sch. 1 para. 78(4)(b)** (with art. 9)
- F15** S. 157(8)(b) substituted (E.W.) (*retrospective* to 1.1.1993) by 1993 c. 28, s. **138(1)(2)**

Modifications etc. (not altering text)

- C1** S. 157 amended (28.11.1994) by S.I. 1994/2825, **reg. 42(1)(a)**
S. 157 extended (5.7.1994) by 1994 c. 19, ss. 39, 66(2)(b), **Sch. 13 para. 20(n)** (with ss. 54(5)(7), 55(5), Sch. 17 paras. 22(1), 23(2))

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S. 157 power to apply conferred (1.9.1997) by 1997 c. 50, s. 44(1), **Sch. 4** para. (j)(v); S.I. 1997/1930, **art. 2(m)**

C2 S. 157(1) amended (28.11.1994) by S.I. 1994/2825, **reg. 42(3)(a)**

C3 S. 157(1)(b) amended (28.11.1994) by S.I. 1994/2825, **reg. 42(3)(b)**

Marginal Citations

M1 1996 c. 16.

M2 1985 c. 51.

M3 1973 c. 65.

M4 1985 c. 68.

M5 1972 c.70.

M6 1973 c. 65.

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Changes and effects yet to be applied to :

- s. 157(6)(f) repealed by [1999 c. 29 Sch. 34 Pt. 1](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 65(2)(b)(ii) inserted by [2004 c. 23 Sch. 2 para. 11](#) (Pt. IV repealed (18.11.2003 for E. for the repeal of ss. 45, 53, 27.11.2003 for W. for the purpose of and in relation to financial years beginning on or after 1st April 2004, and 1.4.2004 for E. in so far as not already in force) by Local Government Act 2003 (c. 26), s. 128(6), Sch. 7 para. 29; S.I. 2003/2938, arts. 3(h), 7(b) (with art. 8, Sch.); S.I. 2003/3034, art. 2, Sch. 1 Pt. I (with Sch. 2 para. 2))
- s. 76A76B inserted by [2014 c. 29 s. 24\(2\)](#)
- s. 87(1A) inserted by [2014 c. 29 s. 24\(5\)](#)