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STATUTORY INSTRUMENTS

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**1990 No. 432**

**The Local Authorities (Capital Finance) Regulations 1990**

**PART VI**

**CAPITAL RECEIPTS**

**Capital receipts to be treated as reduced: disposal of recently improved land**

17.—(1) Capital receipts of a description specified in paragraph (2) below shall be treated for the purposes only of section 59 as reduced by an amount determined in accordance with paragraphs (3) and (4) below.

(2) For the purposes of paragraph (1) above, capital receipts derived from a disposal by a local authority of an interest in land, other than any 1980 Act receipts and any capital receipts of a description specified, as respects local authorities in England, in regulation 16(2), are specified where—

- (a) the interest is of a description mentioned in sub-paragraph (a), (b), (c) or (d), as the case may be, of regulation 16(2), but, for the purposes of this regulation, the references in sub-paragraph (d) to the dwelling are to be construed as references to the land; and
- (b) the authority have incurred expenditure on the enhancement of the land at any time during the relevant financial years.

(3) For the purposes of paragraph (1) above, the amount of the reduction is the aggregate of—

- (a) if during the relevant financial years the authority entered into a credit arrangement for the purpose only of the enhancement of the land, the initial cost of the credit arrangement; and
- (b) the amount of any expenditure incurred by the authority on the enhancement of the land during the relevant financial years, other than any expenditure taken into account by virtue of sub-paragraph (a) above.

(4) Paragraph (5) of regulation 15 shall apply in relation to the amount of any reduction determined in accordance with this regulation as it applies in relation to the amount of any reduction determined in accordance with regulation 15.

(5) Any reference in this regulation to the enhancement of land does not include—

- (a) the reclamation or laying out of the land; or
- (b) the construction, preparation or replacement of roads, buildings or other structures.

(6) In this regulation, the “relevant financial years” means the financial year in which the disposal of the interest in the land, or if there is more than one disposal falling within paragraph (2) above relating to the land, the first such disposal, takes place, and the two financial years preceding that year.