
STATUTORY INSTRUMENTS

1995 No. 798

LOCAL GOVERNMENT, ENGLAND

**The Local Government Changes for
England (Capital Finance) Regulations 1995**

<i>Made</i>	- - - -	<i>16th March 1995</i>
<i>Laid before Parliament</i>		<i>17th March 1995</i>
<i>Coming into force</i>		
<i>Regulation 5</i>		<i>31st March 1995</i>
<i>Remainder</i>		<i>1st April 1995</i>

The Secretary of State for the Environment, as respects England, in exercise of the powers conferred on him by sections 19(1) and (2) and 26(3) to (5) of the Local Government Act 1992⁽¹⁾ and of all other powers enabling him in that behalf, hereby makes the following Regulations:

PART I
GENERAL

Citation and commencement

1.—(1) These Regulations may be cited as the Local Government Changes for England (Capital Finance) Regulations 1995.

(2) Regulation 5 of these Regulations shall come into force on 31st March 1995 and all other regulations shall come into force on 1st April 1995.

Interpretation

- 2.—(1) In these Regulations, except where the context otherwise requires—
- “abolished authority” has the same meaning as in Part III of the 1994 Regulations;
 - “the 1989 Act” means the Local Government and Housing Act 1989⁽²⁾;
 - “credit arrangement” has the same meaning as in section 48 of the 1989 Act;

(1) 1992 c. 19.
(2) 1989 c. 42.

“newly-established authority” has the same meaning as in the Local Government Changes for England Regulations 1994(3);

“participant authority” has the same meaning as in Part III of the Transfer of Property Regulations;

“preliminary period” has the same meaning as in Part III of the 1994 Regulations;

“the 1990 Regulations” means the Local Authorities (Capital Finance) Regulations 1990(4);

“the 1994 Regulations” means the Local Government Changes for England (Finance) Regulations 1994(5);

“reorganisation date” has the same meaning as in Part III of the 1994 Regulations;

“the Residuary Body” means the Local Government Residuary Body (England)(6);

“shadow authority” has the same meaning as in the Local Government Changes for England Regulations 1994;

“successor authority” has the same meaning as in Part III of the 1994 Regulations; and

“the Transfer of Property Regulations” means the Local Government Changes for England (Property Transfer and Transitional Payments) Regulations 1995(7).

(2) In these Regulations—

- (a) any reference to a relinquishing authority or an acquiring authority shall be construed in accordance with regulation 2(3) of the 1994 Regulations; and
- (b) any reference to a designated authority shall be construed, where there is one successor authority in relation to an abolished authority, as meaning that successor authority, and otherwise in accordance with regulation 13(1) of the Transfer of Property Regulations.

PART II

APPLICATION OF PART IV OF THE 1989 ACT: GENERAL AND MISCELLANEOUS PROVISIONS

Application of Part IV of the 1989 Act: general

3.—(1) This regulation applies—

- (a) subject to any provision to the contrary made in these Regulations; and
- (b) only so far as necessary for the application of Part IV of the 1989 Act as modified by these Regulations to a local authority in whom any relevant matters are vested.

(2) For the purposes of the application of Part IV of the 1989 Act and the 1990 Regulations, anything done by or in relation to an abolished authority or a relinquishing authority with respect to any relevant matters shall be treated on and after the reorganisation date as if done by or in relation to the local authority in which those matters are vested on, or at any time after, that date.

(3) The time when, by virtue of paragraph (2) above, any thing is treated as having been done by or in relation to a local authority in which any relevant matters are vested is the time when the thing in question was done by or in relation to the abolished authority or, as the case may be, the relinquishing authority.

(3) S.I. 1994/867.

(4) S.I. 1990/432; amended by S.I. 1991/500, S.I. 1992/738 and S.I. 1993/520. There are other amendments not relevant to these Regulations.

(5) S.I. 1994/2825.

(6) See the Local Government Residuary Body (England) Order 1995 (S.I. 1995/401).

(7) S.I. 1995/402.

(4) In this regulation and regulation 4, “relevant matters” means any functions, property, rights and liabilities of the abolished authority or relinquishing authority which, at any time, are vested in another local authority by virtue of—

- (a) the order in relation to the abolished authority or relinquishing authority which is made under section 17 of the Local Government Act 1992⁽⁸⁾ (“the 1992 Act”);
- (b) a provision of the Transfer of Property Regulations;
- (c) any agreement or determination made pursuant to those Regulations;
- (d) a provision of the 1994 Regulations;
- (e) an agreement or an award of the arbitrator made under section 20 of the 1992 Act; or
- (f) a disposal by the Residuary Body under Part III of the Local Government Residuary Body (England) Order 1995⁽⁹⁾.

Joint and several liability for relevant matters

4.—(1) In this regulation, “authority” includes the Residuary Body.

(2) Where any relevant matters which are rights or liabilities are vested on, or at any time after, the reorganisation date in two or more local authorities, or in a local authority and the Residuary Body, jointly and severally, anything to which regulation 3(2) above applies shall be treated as if done by or in relation to each such authority in proportion to the share enjoyed by the authority in question in the rights or the liabilities which are so vested.

(3) For the purposes of paragraph (2) above, the share enjoyed by a local authority in any rights or liabilities to which that paragraph applies shall be the percentage share agreed by the authorities in whom those rights are vested, or, in default of agreement, as shall be determined by a person agreed on by those authorities or, if they are unable to agree on the appointment of such a person, by a person appointed by the Secretary of State.

(4) Section 31 of the Arbitration Act 1950⁽¹⁰⁾ shall have effect for the purposes of a determination by any person appointed under paragraph (3) above as if such a determination were an arbitration under any other Act within the meaning of that section.

(5) This regulation is without prejudice to any other provision in these Regulations or any other enactment relating to the vesting of any rights or liabilities in two or more local authorities jointly and severally.

Borrowing limits

5.—(1) In this regulation, “the limits” means the borrowing limits referred to in section 45(1) of the 1989 Act.

(2) Section 45 of the 1989 Act shall have effect in relation to a shadow authority as if subsection (2) of that section required the limits for the financial year immediately preceding the reorganisation date to be determined as soon as reasonably practicable after the date on which the shadow authority comes into existence.

(3) Section 45(2) of the 1989 Act shall have effect in relation to an abolished authority and the designated authority as if it—

- (a) excluded the abolished authority from the requirement to determine the limits for the financial year beginning on the reorganisation date; and

⁽⁸⁾ 1992 c. 19.

⁽⁹⁾ S.I. 1995/401.

⁽¹⁰⁾ 1950 c. 27; section 31 was amended by section 8(2) of the Arbitration Act 1975 (c. 3).

- (b) required the designated authority to determine the limits for the financial year beginning on the reorganisation date as soon as reasonably practicable after the reorganisation date.

Register of loan instruments

6. The register maintained by an abolished authority in accordance with section 46 of the 1989 Act shall be treated after the reorganisation date as having been maintained by the designated authority as part of the designated authority's register maintained under that section.

Effect of certain capital grants on credit approvals

- 7.—(1) This regulation applies where by virtue of regulation 3(1) above a local authority are—
- (a) treated as having received a specified capital grant within the meaning of section 57(1) of the 1989 Act; and
 - (b) required under section 57(2) of that Act to deduct an amount equal to or less than the grant from a credit approval.

(2) Section 57(4)(c) of the 1989 Act shall have effect as if the reference to credit approvals which are received later than the grant included credit approvals received by the local authority in question later than the time the grant was received by the abolished authority or the relinquishing authority.

Aggregate credit limits

8. In the case of a successor authority or an acquiring authority, section 62 of the 1989 Act shall have effect at any time in the financial year beginning on the reorganisation date as if “relevant arrears” for the purposes of subsection (3)(b)(ii) included amounts in respect of income which—

- (a) were not received by the abolished authority or the relinquishing authority before the reorganisation date;
- (b) are payable after the reorganisation date to the successor authority or acquiring authority in question; and
- (c) if the order under section 17 of the Local Government Act 1992 in relation to the abolished authority or the relinquishing authority had not been made, would, as income, have fallen to be credited to a revenue account of that authority for the financial year beginning two years before the beginning of the current financial year;

and as if the reference in subsection (5) to expenditure defrayed by the authority for capital purposes included expenditure defrayed for such purposes by the abolished authority or the relinquishing authority.

Interpretation of Part IV of the 1989 Act

9. Section 66(6) of the 1989 Act shall apply in relation to the liabilities of an abolished authority in respect of a loan to or borrowing (or money borrowed) by that authority which have become the liabilities of a designated authority as if in paragraph (1) of regulation 27 of the 1990 Regulations the following sub-paragraph were added after sub-paragraph (e)—

- “(f) the Local Government Changes for England (Property Transfer and Transitional Payments) Regulations 1995(11).”.

PART III

CAPITAL RECEIPTS

Interpretation of Part

10. In this Part—

“relevant amount” means the amount of “K” agreed or determined in accordance with paragraph 5 of the Schedule to the Transfer of Property Regulations;

“relevant date” means the date falling two months after the service by a designated authority of a notice under regulation 15(1) of the Transfer of Property Regulations, or, in the event that any participant authority disagrees with the calculations contained in that notice, the date when the designated authority serves a notice under regulation 16 of those Regulations;

“section 60” means section 60 of the 1989 Act; and

“usable receipts” means the usable part of capital receipts (within the meaning of Part IV of the 1989 Act) which have not been applied as mentioned in section 60(2).

Usable receipts of designated authority

11.—(1) Where in relation to an abolished authority there is only one successor authority, section 60 shall have effect as if on the reorganisation date there were added to the usable receipts of the successor authority an amount equal to the usable receipts of the abolished authority on the last day of the preliminary period.

(2) Where in relation to an abolished authority there are two or more successor authorities, section 60 shall have effect as if—

- (a) on the reorganisation date there were added to the usable receipts of the designated authority an amount equal to the usable receipts of the abolished authority on the last day of the preliminary period;
- (b) it were provided that the designated authority shall not, before the relevant date, apply the amount added under sub-paragraph (a) in either of the ways mentioned in section 60(2), except to meet expenditure for capital purposes incurred by the abolished authority; and
- (c) the usable receipts of the designated authority were reduced on the relevant date by an amount equal to the aggregate of the relevant amounts for the participant authorities.

(3) Section 60 shall have effect in relation to a relinquishing authority as if the relinquishing authority’s usable receipts were reduced on the relevant date by an amount equal to the aggregate of the relevant amounts for the participant authorities.

Usable receipts of participant authority

12. Section 60 shall have effect in relation to a participant authority as if on the relevant date there were added to the usable receipts of the authority in question an amount equal to the relevant amount for that authority.

Disposal of surplus land

13.—(1) This paragraph applies to capital receipts received by a successor authority or a relinquishing authority for the disposal of land which is surplus land within the meaning of regulation 10(7) of the Transfer of Property Regulations.

(2) The 1990 Regulations shall apply in relation to capital receipts to which paragraph (1) above applies as if—

- (a) in regulation 10 of the 1990 Regulations (interpretation), the following paragraphs were added after paragraph (3)—

“(4) In regulations 12 and 13—

“the Transfer of Property Regulations” means the Local Government Changes for England (Property Transfer and Transitional Payments) Regulations 1995(12);

“successor authority” means an authority specified for the purposes of regulation 6(4) of the Transfer of Property Regulations in an agreement made pursuant to regulation 5(2) of those Regulations; and

“relevant expenditure” and “surplus land” have the same meanings as in regulation 10(7) of the Transfer of Property Regulations.

(5) In regulations 12 and 13, any reference to a relinquishing authority or an acquiring authority shall be construed in accordance with regulation 2(2) of the Transfer of Property Regulations.”;

- (b) in regulation 12 of the 1990 Regulations (sums to be capital receipts), the following paragraph were added after paragraph (d)—

“and

(e) any sum paid to the authority under regulation 10(2) or (3) of the Transfer of Property Regulations in respect of the amount received for the disposal of surplus land by the authority in whom the land was vested.”; and

- (c) in regulation 13 of the 1990 Regulations (sums not to be capital receipts), the following paragraph were added after paragraph (2)—

“(3) The following sums shall not be capital receipts, namely—

(a) so much of the amount received by a successor authority for the disposal of surplus land as they—

(i) deduct under regulation 10(2)(a) of the Transfer of Property Regulations in respect of any relevant expenditure relating to the land in question; and

(ii) distribute under regulation 10(2)(b) of those Regulations among other successor authorities;

(b) so much of the amount received by a relinquishing authority for the disposal of surplus land as is equal to the amount of any relevant expenditure relating to the land in question; and

(c) so much of the amount received by a relinquishing authority for the disposal of surplus land as they pay to an acquiring authority under regulation 10(3)(b) of the Transfer of Property Regulations.”.

PART IV

PROVISION FOR CREDIT LIABILITIES

Interpretation of Part

14. In this Part—

“PCL” means the amount for the time being set aside by a local authority (whether voluntarily or pursuant to a requirement under Part IV of the 1989 Act) as provision to meet credit liabilities;

“relevant amount” means, in relation to a credit arrangement and a participant authority, the amount determined in accordance with the formula in paragraph 7 of the Schedule to the Transfer of Property Regulations as that paragraph has effect subject to paragraph 1(3) of that Schedule; and

“vesting day” means the day when rights and liabilities under a credit arrangement are vested as mentioned in regulation 3(4) above in another local authority.

PCL of designated authority

15.—(1) Subject to paragraph (2), on the reorganisation date there shall be added to the PCL of a designated authority in relation to an abolished authority an amount equal to the PCL of the abolished authority on the last day of the preliminary period.

(2) Where any amount is added to the PCL of a participant authority by virtue of regulation 16(1) or (2) below, an equivalent amount shall be deducted on the same day from the PCL of the designated authority.

PCL of participant authority

16.—(1) Subject to paragraph (2), where a credit arrangement is treated by virtue of regulation 3 above as having been entered into by—

- (a) a participant authority; or
- (b) a participant authority and any other local authority or the Residuary Body jointly and severally, an amount equal to the relevant amount for that arrangement shall be added on the vesting day to the PCL of the participant authority in question.

PART V

CREDIT CEILINGS AND MINIMUM REVENUE PROVISION

Interpretation of Part

17.—(1) In this Part—

“determined amount” means—

- (a) in relation to a credit arrangement of which the rights and liabilities are vested in a single participant authority, the amount of any credit approval which an abolished authority or a relinquishing authority, or the designated authority in relation to an abolished authority, have determined under section 56(1)(b) of the 1989 Act to treat as authority to enter into, or agree to a variation of, a credit arrangement; and
- (b) in relation to a credit arrangement of which the rights and liabilities are vested in a participant authority and any other local authority or the Residuary Body jointly and severally, such proportion of the amount referred to in sub-paragraph (a) above as T, in relation to the same arrangement, bears to the amount which would be T if paragraph 7 of the Schedule to the Transfer of Property Regulations were not subject to paragraph 1(3) of that Schedule;

“excluded arrangement” means a credit arrangement entered into by an abolished authority or a relinquishing authority which is excluded by regulations under paragraph 11(2) of Schedule 3 to the 1989 Act⁽¹³⁾;

“housing component” means the housing component of the authority’s adjusted credit ceiling determined in accordance with paragraph 3(5) of Schedule 5 to the 1990 Regulations;

“Housing Revenue Account” means the account required to be kept under Part VI of the 1989 Act;

“non-housing component” means the non-housing component of the authority’s adjusted credit ceiling determined in accordance with paragraph 5(5) of Schedule 5 to the 1990 Regulations;

“relevant amount” means the relevant amount determined in accordance with Part III of Schedule 5 to the 1990 Regulations;

“relevant arrangement” means a credit arrangement, other than an excluded arrangement, entered into by an abolished authority or a relinquishing authority;

“R”, “T” and “U” mean respectively, in relation to a credit arrangement and a participant authority, the amount R, the amount T and the amount U determined under paragraph 7 of the Schedule to the Transfer of Property Regulations as that paragraph has effect subject to paragraph 1(3) of that Schedule; and

“vesting day” means the day when rights and liabilities under a credit arrangement are vested as mentioned in regulation 3(4) above in another local authority.

(2) In this Part, subject, where the context requires, to a modification made under any provision of this Part—

- (a) any reference to the credit ceiling of a local authority on any day shall be construed as a reference to that authority’s credit ceiling on that day as determined under Part III of Schedule 3 to the 1989 Act; and
- (b) any reference to the adjusted credit ceiling of a local authority shall be construed in accordance with paragraph 18 of Schedule 3 to the 1989 Act.

(3) For the purposes of this Part, where a local authority’s credit ceiling, adjusted credit ceiling, housing component, non-housing component or relevant amount on any day falls to be adjusted by the addition of any negative sum or the deduction of any positive sum, the amount in question, by virtue of the adjustment, may be less than it was and may be a negative amount.

Credit ceiling of shadow authority

18. On the date on which a shadow authority come into existence—

- (a) the shadow authority shall be treated as having a credit ceiling of nil; and
- (b) for the purposes of paragraph 2 of Part II of Schedule 4 to the 1990 Regulations⁽¹⁴⁾, the shadow authority’s credit ceiling on that day shall be treated as their adjusted initial credit ceiling.

Credit ceiling of designated authority

19.—(1) Subject to paragraphs (2) and (3), the credit ceiling on the reorganisation date of a designated authority in relation to an abolished authority shall be the aggregate of—

- (a) the amount which would, apart from this paragraph, have been the designated authority’s credit ceiling on that date; and

⁽¹³⁾ See regulation 22 of the 1990 Regulations.

⁽¹⁴⁾ Paragraph (2) of Part II of Schedule 4 to the 1990 Regulations was added by [S.I. 1991/500](#).

(b) the credit ceilings on the last day of the preliminary period of the abolished authority and any other abolished authority in relation to the designated authority.

(2) Where any amount is added to the credit ceiling of a participant authority by virtue of regulation 20(1) below, an equivalent amount shall be deducted on the same day from the credit ceiling of the designated authority.

(3) Where any amount is deducted from the credit ceiling of a participant authority by virtue of regulation 20(1) or (2) below, an equivalent amount shall be added on the same day to the credit ceiling of the designated authority.

Credit ceiling of participant authority

20.—(1) Where the rights and liabilities under a relevant arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority’s credit ceiling shall be adjusted on the vesting day by—

- (a) adding to it an amount equal to the determined amount for the arrangement in question; and
- (b) deducting from it an amount equal to the aggregate of T and U as determined for the arrangement in question.

(2) Where the rights and liabilities under an excluded arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority’s credit ceiling shall be adjusted on the vesting day by deducting from it an amount equal to the aggregate of R, T and U as determined for the arrangement in question.

Credit ceiling and adjusted credit ceiling on the last day of a financial year

21.—(1) In this regulation, “the relevant day” means the last day of the financial year immediately preceding the financial year beginning on the reorganisation date.

(2) In Part IV of the 1989 Act and the 1990 Regulations, any reference to a local authority’s credit ceiling or adjusted credit ceiling on the last day of a financial year shall, in relation to the credit ceiling or adjusted credit ceiling of a designated authority or participant authority on the relevant day, be construed as a reference to the credit ceiling or, as the case may be, adjusted credit ceiling of the authority in question on the reorganisation date.

(3) For the purposes of paragraph (2) above, the credit ceiling or adjusted credit ceiling on the relevant day of a newly-established authority means the credit ceiling or adjusted credit ceiling on that day of the shadow authority which has become the newly-established authority.

Adjusted credit ceilings

22. The adjusted credit ceiling of a designated authority and the adjusted credit ceiling of a participant authority shall be modified or adjusted as if, in regulations 19 and 20 above, for any reference to the credit ceiling of an authority there were substituted a reference to that authority’s adjusted credit ceiling.

Housing and non-housing component of designated successor authority

23.—(1) In this regulation—

“abolished housing authority” means an abolished authority which is required to keep a Housing Revenue Account; and

“abolished non-housing authority” means an abolished authority which is not required to keep a Housing Revenue Account.

(2) In this regulation and regulation 24—

- (a) any reference to a local authority's housing component or non-housing component shall be construed as a reference to that authority's housing component or non-housing component on the last day of the preliminary period; and
 - (b) in relation to a newly-established authority, any reference to the relevant amount shall be construed as a reference to the amount which would be the relevant amount of that authority for the financial year beginning on the reorganisation date if—
 - (i) they were not required on and after that date to keep a Housing Revenue Account; and
 - (ii) for the purposes of regulation 21 above, their adjusted credit ceiling on the reorganisation date was the same as their adjusted credit ceiling on the last day of the preliminary period; and
 - (c) in relation to any authority which is not a newly-established authority, any reference to the relevant amount shall be construed as a reference to the amount which would be that authority's relevant amount for the financial year beginning on the reorganisation date if no order under section 17 of the Local Government Act 1992 had been made.
- (3) Subject to regulation 27, where a designated authority in relation to an abolished authority are required before the reorganisation date to keep a Housing Revenue Account—
- (a) where the abolished authority is an abolished housing authority—
 - (i) the designated authority's housing component shall be adjusted by adding to it the housing component of the abolished authority; and
 - (ii) the designated authority's non-housing component shall be adjusted by adding to it the non-housing component of the abolished authority; and
 - (b) where the abolished authority is an abolished non-housing authority, the designated authority's non-housing component shall be adjusted by adding to it the relevant amount of the abolished authority.
- (4) Subject to regulation 27, where a designated authority in relation to an abolished housing authority are not required before the reorganisation date to keep a Housing Revenue Account, the designated authority shall be treated as if, on the last day of the preliminary period, they had—
- (a) a housing component equal to the aggregate of the housing components of the abolished housing authority and any other abolished housing authority in relation to which they are the designated authority; and
 - (b) a non-housing component equal to the aggregate of—
 - (i) the designated authority's relevant amount;
 - (ii) the non-housing components of the abolished housing authority and any other abolished housing authority in relation to the designated authority;
 - (iii) the relevant amount of any abolished non-housing authority in relation to which they are the designated authority.

Housing component of newly-established participant authority

24. Where a participant authority who are a newly-established authority are required on and after the reorganisation date to keep a Housing Revenue Account, that authority shall be treated as if, on the last day of the preliminary period, they had—

- (a) a housing component of nil; and
- (b) a non-housing component equal to their relevant amount.

Housing component of participant authority

25.—(1) In this regulation—

“excluded housing arrangement” means an excluded arrangement which is a housing arrangement;

“housing arrangement” means a credit arrangement entered into for any purpose for which expenditure incurred and charged to a revenue account would have been required, under Part VI of the 1989 Act, to be charged to a Housing Revenue Account or Housing Repairs Account;

“relevant day” means the last day of the financial year immediately preceding the financial year in which, in relation to any credit arrangement, the vesting day falls; and

“relevant housing arrangement” means a relevant arrangement which is a housing arrangement.

(2) Any reference in this regulation to the housing component of a participant authority shall be construed as a reference to that authority’s housing component on the relevant day.

(3) Where the rights and liabilities under a relevant housing arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority’s housing component shall be adjusted by—

- (a) adding to it an amount equal to the determined amount for the arrangement in question; and
- (b) deducting from it an amount equal to the aggregate of T and U as determined for the arrangement in question.

(4) Where the rights and liabilities under an excluded housing arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority’s housing component shall be adjusted by deducting from it an amount equal to the aggregate of R, T and U determined for the arrangement in question.

Non-housing component of participant authority

26.—(1) In this regulation—

“excluded non-housing arrangement” means an excluded arrangement which is a non-housing arrangement;

“non-housing arrangement” means a credit arrangement which is not a housing arrangement within the meaning of regulation 25 above;

“relevant day” means the last day of the financial year immediately preceding the financial year in which, in relation to any credit arrangement, the vesting day falls; and

“relevant non-housing arrangement” means a relevant arrangement which is a non-housing arrangement.

(2) Any reference in this regulation to the non-housing component of a participant authority shall be construed as a reference to that authority’s non-housing component on the relevant day.

(3) Where the rights and liabilities under a relevant non-housing arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority’s non-housing component shall be adjusted by—

- (a) adding to it an amount equal to the determined amount for the arrangement in question; and
- (b) deducing from it an amount equal to the aggregate of T and U as determined for the arrangement in question.

(4) Where the rights and liabilities under an excluded non-housing arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority’s non-housing component shall be adjusted by

deducting from it an amount equal to the aggregate of R, T and U as determined for the arrangement in question.

Minimum revenue provision of designated authority further adjustments

27.—(1) In this regulation, “designated authority” means a designated authority who are required on and after the reorganisation date to keep a Housing Revenue Account.

(2) An adjustment falling to be made under this regulation to a designated authority’s housing component or non-housing component on the last day of the preliminary period shall be made after any adjustment to the amount in question required to be made under regulation 23.

(3) Where any amount is added to the housing component of a participant authority under regulation 25(3) above, an equivalent amount shall be deducted from the housing component on the same day of the designated authority.

(4) Where any amount is deducted from the housing component of a participant authority under regulation 25(3) or (4) above, an equivalent amount shall be added to the housing component on the same day of the designated authority.

(5) Where any amount is added to the non-housing component of a participant authority under regulation 26(3) above, an equivalent amount shall be deducted from the non-housing component on the same day of the designated authority.

(6) Where any amount is deducted from the non-housing component of a participant authority under regulation 26(3) or (4) above, an equivalent amount shall be added to the non-housing component on the same day of the designated authority.

PART VI

MINIMUM REVENUE PROVISION SAVINGS AND COMMUTATION ADJUSTMENTS

Commutation adjustments of designated successor authority

28.—(1) In this regulation and regulation 29—

“designated authority” means a designated authority in relation to an abolished authority;

“item G” means item “G” as defined in Part III of Schedule 6 of the 1990 Regulations⁽¹⁵⁾ (“the Schedule”);

“minimum revenue provision savings” means the amounts determined in accordance with Part II of the Schedule;

“preceding years” means the financial year beginning on 1st April 1992 and every subsequent financial year beginning before the reorganisation date; and

“relevant debts” has the same meaning as in Part I of the Schedule.

(2) The Schedule shall have effect in relation to a designated authority as if—

(a) the relevant debts of the abolished authority had been relevant debts of the designated authority;

(b) the total of the abolished authority’s minimum revenue provision savings in respect of the preceding years were part of the total of the designated authority’s minimum revenue provision savings in respect of those years;

(15) Schedule 6 was inserted in the 1990 Regulations by [S.I. 1993/520](#).

- (c) the total of the abolished authority's commutation adjustments in respect of the preceding years were part of the total of the designated authority's commutation adjustments in respect of those years;
- (d) item G calculated by the designated authority in respect of any financial year beginning on or after the reorganisation date were increased by an amount equal to item G in respect of the same year calculated by the abolished authority;
- (e) any amount set aside by the abolished authority under section 63(2) of the 1989 Act in respect of a commuted payment within the meaning of section 157 of that Act had been set aside by the designated authority; and
- (f) the aggregate of any amounts applied in the preceding years by the abolished authority under section 64(2) of the 1989 Act (by virtue of regulation 26B(3) of the 1990 Regulations⁽¹⁶⁾) had been applied by the designated authority.

Commutation adjustments of newly-established authority

29. A designated authority which is a newly-established authority shall be treated for the purposes of regulation 27 above as if—

- (a) the total of their minimum revenue provision savings in respect of the preceding years amounted to nil;
- (b) the total of their commutation adjustments in respect of the preceding years amounted to nil; and
- (c) they had, before the reorganisation date, calculated that item G in respect of any financial year beginning on or after the reorganisation date amounted to nil.

Signed by authority of the Secretary of State for the Environment

16th March 1995

David Curry
Minister of State,
Department of the Environment

⁽¹⁶⁾ Regulation 26B was inserted in the 1990 Regulations by S.I. 1992/738, and paragraph (3) of that regulation was added by S.I. 1993/520.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Part II of the Local Government Act 1992 makes provision for local government changes in England. The Local Government Commission for England makes recommendations to the Secretary of State about such changes, and, where recommendations for change are made, the Secretary of State may make an order giving effect to those recommendations.

These Regulations make provision of general application for the purposes or in consequence of such orders with respect to the application of Part IV (“Part IV”) of the Local Government and Housing Act 1989 (“Part IV”) (revenue accounts and capital finance of local authorities) and the regulations made under Part IV (“the Capital Finance Regulations”).

Part II of the Regulations applies provisions of Part IV and the Capital Finance Regulations with modifications to local authorities affected by such changes. Regulations 3 and 4 make provision for things done by or in relation to an authority with respect to functions, property, rights and liabilities (“relevant matters”) which, by reason of the changes, are vested in another authority, to be treated as having been done by or in relation to that other authority.

Part III of the Regulations makes provision for adjusting the usable capital receipts of local authorities from whom and to whom relevant matters are transferred, and, in relation to the amount received by an authority for the disposal of land which is surplus to requirements, prescribes sums which are, and sums which are not, to be capital receipts.

Part IV of the Regulations makes provision for adjusting the amount for the time being set aside as provision to meet credit liabilities by local authorities from whom and to whom relevant matters are transferred.

Part V of the Regulations makes provision for the determination by local authorities from whom and to whom relevant matters are transferred of the amounts to be set aside from revenue as provision to meet credit liabilities. This Part prescribes the amount of, or adjustments to, the credit ceiling, adjusted credit ceiling and other amounts of an authority which are relevant for the determination of their minimum revenue provision in accordance with Part IV and the Capital Finance Regulations.

Part VI of the Regulations applies Schedule 6 to the 1990 Regulations with modifications to local authorities from whom and to whom relevant matters are transferred. That Schedule provides that an authority shall take account, in determining minimum revenue provision, of the effects of the commutation of contributions, grants and subsidies which took place on 1st October 1992 under section 157 of the 1989 Act.