
STATUTORY INSTRUMENTS

1995 No. 402

LOCAL GOVERNMENT, ENGLAND AND WALES

The Local Government Changes For England (Property Transfer and Transitional Payments) Regulations 1995

<i>Made</i>	- - - -	<i>20th February 1995</i>
<i>Laid before Parliament</i>		<i>21st February 1995</i>
<i>Coming into force</i>	- -	<i>14th March 1995</i>

The Secretary of State for the Environment, in exercise of the powers conferred on him by sections 19 and 26 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. These Regulations may be cited as the Local Government Changes for England (Property Transfer and Transitional Payments) Regulations 1995 and shall come into force on 14th March 1995.

Interpretation

2.—(1) In these Regulations —
“the Act” means the Local Government Act 1992;
“the 1989 Act” means the Local Government and Housing Act 1989⁽²⁾ ;
“the 1992 Act” means the Local Government Finance Act 1992⁽³⁾ ;
“abolished authority” means a principal council which is or is to be wound up and dissolved by a section 17 order;

(1) 1992 c. 19.
(2) 1989 c. 42.
(3) 1992 c. 14.

“council tax base”, in relation to any authority, means the amount calculated by the authority as its council tax base for a financial year in accordance with the relevant rules;

“investment” does not include any land held as an investment;

“relevant instrument” means a statutory instrument made under the Act or, in connection with the Act or such an instrument, under any other Act;

“relevant rules”, in relation to the council tax base for a financial year, means the rules for the time being effective as regards the financial year under regulations made by the Secretary of State under section 33(5) or, as the case may require, section 44(5) of the 1992 Act;

“the reorganisation date”, in relation to an authority, means the date (being 1st April in any year) which is specified as such in a section 17 order;

“the Residuary Body” means the Local Government Residuary Body (England)(4) ;

“section 17 order” means an order under section 17 of the Act; and

“successor authority”, in relation to an abolished authority, means —

- (a) where a section 17 order gives effect to a structural change, an authority to which any functions of the abolished authority are or are to be transferred on the reorganisation date; and
- (b) where such an order gives effect to a boundary change, an authority whose area, on and after that date, includes, or is to include, an area which, before that date, is the whole or any part of the area of the abolished authority.

(2) In these Regulations —

- (a) any reference to a transferred area is a reference to an area in relation to which, immediately before the reorganisation date, a principal council (other than an abolished authority) (“the relinquishing authority”) exercises functions which, by virtue of a structural or boundary change effected by a section 17 order, it ceases to exercise on that date; and
- (b) any reference to the acquiring authority in relation to such an area is a reference to the authority which, by virtue of such a change, exercises or is to exercise those functions in relation to the area on and after that date.

(3) Any reference in these Regulations to any rights or liabilities of an authority includes a reference to rights or liabilities acquired or incurred by any predecessor in title of the authority.

PART II

TRANSFER OF PROPERTY RIGHTS AND LIABILITIES

Application and interpretation of Part

3.—(1) This Part does not apply with respect to the transfer of —

- (a) any property, rights or liabilities for the transfer of which provision is made in the Local Government Changes for England (Finance) Regulations 1994(5) ;
- (b) any superannuation fund maintained by a principal council by virtue of regulations made under section 7 of the Superannuation Act 1972(6) ; or
- (c) any rights or liabilities of such a council in respect of such a fund.

(2) In this Part —

(4) see Local Government Residuary Body (England) Order 1995 [S.I.1995/401](#).

(5) [S.I.1994/2825](#).

(6) [1972 c. 11](#). The current regulations are in [S.I.1986/24](#).

“associated property”, in relation to any land of an abolished authority or, as the case may be, the relinquishing authority in relation to a transferred area, means —

- (a) property in or on the land which is used or intended to be used by the authority exclusively for the discharge of functions on the land;
- (b) property which is so used or intended to be so used and which is kept elsewhere when not in use;
- (c) investments or cash which relate exclusively to the land; or
- (d) records which relate exclusively to the land;

“charitable purposes” has the same meaning as in the Charities Act 1993(7) ;

“contract” includes any enforceable undertaking;

“the preliminary period”, in relation to an authority, means the period specified as such in a section 17 order;

“record” includes material in whatever form or medium which conveys or is capable of conveying information; and

“relevant shares” means shares held in a company which is under the control of a local authority within the meaning of section 68 of the 1989 Act (but with the omission of the words “unless the Secretary of State otherwise directs” in subsection (1) of that section); and “share” has the same meaning as in the Companies Act 1985(8) .

Information for facilitating implementation

4.—(1) This regulation has effect for the purpose of facilitating the implementation of these Regulations.

(2) An abolished authority shall, within the relevant period, supply to any successor authority —

- (a) details of any relevant contract; and
- (b) all such information relating to the abolished authority’s property, rights or liabilities as the successor authority may reasonably request.

(3) The relinquishing authority in relation to a transferred area shall, within the relevant period, supply to the acquiring authority in relation to that area —

- (a) details of any relevant contract in relation to which such rights or liabilities as are mentioned in paragraph (5)(a) of regulation 5 arise; and
- (b) all such information relating to any rights or liabilities so mentioned, or to property to which paragraph (6) of that regulation applies, as the acquiring authority may reasonably request.

(4) Any person authorized in that behalf by a successor authority in relation to an abolished authority or, as the case may be, the acquiring authority in relation to a transferred area shall be entitled, at all reasonable times, on producing, if so required, evidence of his authority —

- (a) to inspect any record belonging to or under the control of the abolished authority or, as the case may be, the relinquishing authority which relates to any relevant contract, or any property, rights or liabilities, mentioned in paragraph (2) or (3) above; and
- (b) to take, or be supplied with, a copy of any such record or part of it.

(5) The rights conferred by paragraph (4) above include the right to require any record which is not in legible form to be made available in legible form for the purposes of inspection or copying or being supplied with copies.

(7) 1993 c. 10.

(8) 1985 c. 6.

(6) In this regulation —

“the final period” means the period of six weeks ending on the date immediately before the reorganisation date;

“relevant contract” means a contract entered into by an abolished authority or the relinquishing authority the period of which extends or may, under the terms of the contract, be extended beyond that date; and

“relevant period” means —

(a) for the purposes of paragraph (2)(a) and (3)(a) above —

- (i) in a case where the relevant contract was entered into before the date on which the preliminary period begins, the period of 3 months beginning with that date;
- (ii) in a case where the relevant contract is entered into on or after that date and before the beginning of the final period, the period of six weeks beginning with the date on which the contract is entered into; and
- (iii) in a case where the relevant contract is entered into after the beginning of the final period, that period; and

(b) for the purposes of paragraph (2)(b) or (3)(b) above —

- (i) in a case where the request for information is made before the beginning of the final period, the period of six weeks beginning with the date of the making of the request; and
- (ii) in a case where the request is made after the beginning of the final period, that period; and

a reference to a successor authority includes, where there are two or more successor authorities in relation to an abolished authority, a reference to the Residuary Body.

Agreements for the transfer of property etc.

5.—(1) Nothing in this regulation applies to —

- (a) any investments of an authority which are not associated property or relevant shares;
- (b) any property held by an authority, as sole trustee, exclusively for charitable purposes;
- (c) any rights or liabilities of an authority in respect of such investments or such property; or
- (d) any rights or liabilities of an authority in respect of money borrowed by the authority.

(2) Where there are two or more successor authorities in relation to an abolished authority, the successor authorities shall, during the preliminary period, use their best endeavours to make agreements which, subject to paragraph (3) below —

- (a) identify all the property, rights or liabilities of the abolished authority;
- (b) in relation to any property so identified, specify one of the successor authorities for the purposes of regulation 6(4);
- (c) in relation to any rights or liabilities so identified, specify one, or two or more, of the successor authorities for those purposes; and
- (d) in the case of any property mentioned in sub-paragraph (b) above which is land —
 - (i) identify such, if any, of it as will not be required by any of them for the purposes of, or in connection with, the exercise of functions on and after the reorganisation date; and
 - (ii) provide for the distribution among all the successor authorities of receipts from its disposal in accordance with regulation 10.

(3) An agreement pursuant to paragraph (2) above shall not specify different successor authorities in relation to —

- (a) any property identified in the agreement which forms part of a relevant collection; or
- (b) any rights or liabilities exclusively in respect of any such property;

and, for these purposes, “relevant collection” means —

- (i) any collection of archives or other records of general or local interest held as such by an abolished authority; or
- (ii) any collection of a museum or gallery provided or maintained by such an authority.

(4) Where the successor authorities in relation to an abolished authority are unable to make an agreement under paragraph (2) above in respect of any relevant shares held by that authority, any of the successor authorities may, before the reorganisation date, serve on the other successor authorities a notice stating that a difference has arisen in respect of such of those shares as are specified in the notice.

(5) The relinquishing authority and the acquiring authority in relation to a transferred area shall, during the preliminary period, use their best endeavours to make agreements which —

- (a) identify property of the relinquishing authority to which paragraph (6) below applies and any rights or liabilities acquired or incurred by that authority in respect of any such property or the exercise of any functions in or in relation to the transferred area;
- (b) in relation to any property so identified (other than property (“surplus land”) mentioned in sub-paragraph (b)(ii) of that paragraph), specify the acquiring authority for the purposes of paragraph (1) of regulation 8; and
- (c) in relation to any rights or liabilities so identified (other than rights or liabilities in respect of surplus land), specify that authority for those purposes or that authority and the relinquishing authority for the purposes of paragraph (3) of that regulation.

(6) This paragraph applies to property —

- (a) which is situated in the transferred area or is held for the purposes of, or in connection with, the exercise of functions in or in relation to that area; and
- (b) which either
 - (i) is required by the acquiring authority for the purposes of, or in connection with, the exercise of functions in or in relation to that area on and after the reorganisation date; or
 - (ii) in the case of property which is land, is neither so required nor required by the relinquishing authority for the purposes of, or in connection with, the exercise of functions, on and after that date, in or in relation to its area.

(7) Where the relinquishing authority and the acquiring authority in relation to a transferred area are unable to make an agreement under paragraph (5) above in respect of any property, rights or liabilities mentioned in sub-paragraph (a) of that paragraph, either of those authorities may, before the reorganisation date, serve on the other a notice specifying that property, or those rights or liabilities, for the purposes of paragraph (4) of regulation 8.

(8) Except where the context otherwise requires, any reference in any of the following provisions of these Regulations to an agreement is a reference to an agreement made under the preceding paragraphs of this regulation; and any such agreement shall be in writing and be sealed, before the end of the preliminary period, by —

- (a) in the case of an agreement under paragraph (2) above, all the successor authorities; and
- (b) in the case of an agreement under paragraph (5) above, the relinquishing authority and the acquiring authority.

Vesting of property etc. of abolished authorities

6.—(1) Nothing in this regulation shall apply to any property held, as sole trustee, exclusively for charitable purposes by an abolished authority or to any rights or liabilities in respect of such property.

(2) All the property, rights and liabilities of an abolished authority in relation to which there is only one successor authority shall, on the reorganisation date, vest in that successor authority.

(3) The following paragraphs of this regulation, and regulation 7, shall have effect where there are two or more successor authorities in relation to an abolished authority.

(4) Subject to paragraph (5) below —

(a) any property of the abolished authority which is identified in an agreement and in relation to which a successor authority is specified for the purposes of this paragraph shall, on the reorganisation date, vest in that authority; and

(b) any rights or liabilities of an abolished authority which are so identified and in relation to which a successor authority, or two or more successor authorities, are specified for the purposes of this paragraph shall, on that date, vest in that authority or, as the case may be, in those authorities jointly and severally.

(5) Paragraph (4) above shall not apply to vest —

(a) any land identified in an agreement as mentioned in sub-paragraph (d)(i) of paragraph (2) of regulation 5, or any associated property in relation to that land, where the agreement does not include the provision mentioned in sub-paragraph (d)(ii) of that paragraph; or

(b) any rights and liabilities exclusively in respect of such property, including, in the case of property which is land, rights and liabilities in respect of a contract for the provision of services on, or the delivery of goods to, the land.

(6) Where any land of the abolished authority vests in a successor authority by virtue of paragraph (4) above and any associated property in relation to the land does not vest in that authority or another successor authority by virtue of that paragraph, the associated property shall, on the reorganisation date, vest in the successor authority in which the land is vested.

(7) This paragraph applies to —

(a) any relevant shares of the abolished authority which have been specified in a notice under regulation 5(4);

(b) any property of the abolished authority consisting of cash or investments which is not vested by virtue of paragraph (4) or (6) above;

(c) any rights or liabilities in respect of such shares or such property; and

(d) any rights or liabilities in respect of money borrowed by the abolished authority.

(8) Any property, rights and liabilities to which paragraph (7) above applies shall, on the reorganisation date, vest in the successor authority specified in a section 17 order as the designated authority in relation to this paragraph.

(9) This paragraph applies to —

(a) any property of the abolished authority which is not vested by virtue of paragraph (4), (6) or (8) above; and

(b) any rights or liabilities exclusively in respect of such property, including, in the case of property which is land, rights or liabilities in respect of a contract for the provision of services on, or the delivery of goods to, the land.

(10) Any property, rights or liabilities to which paragraph (9) above applies shall, on the reorganisation date, vest in the Residuary Body.

Vesting of residual rights and liabilities of abolished authorities

7.—(1) This paragraph applies to any rights or liabilities arising in relation to any contract for the provision of services, or the delivery of goods, by or to the abolished authority which are not vested by virtue of paragraph (4) or (10) of regulation 6.

(2) Any rights or liabilities to which paragraph (1) above applies shall, on the reorganisation date, vest —

- (a) where the contract relates exclusively to land which is vested in a successor authority by virtue of paragraph (4) of regulation 6, in that authority;
- (b) where the contract relates to land which is vested by virtue of that paragraph in a successor authority and to land which is so vested in another successor authority, in those authorities jointly and severally;
- (c) where the contract relates to land which is vested in a successor authority by virtue of that paragraph and to land which is vested in the Residuary Body by virtue of paragraph (10) of that regulation, in that authority and the Residuary Body jointly and severally;
- (d) where the contract relates exclusively to the area of one successor authority, in that authority; and
- (e) where the contract relates to the area of two or more successor authorities, in those authorities jointly and severally.

(3) This paragraph applies to any rights or liabilities arising in relation to any transaction whereby an abolished authority undertook (whether voluntarily or by virtue of a statutory provision) any liability for —

- (a) the management, maintenance, repair or improvement of any property situated within its area which is vested in any other person (“the relevant property”); or
- (b) a guarantee, indemnity or financial assistance by way of grant or otherwise in respect of any such property.

(4) Any rights or liabilities to which paragraph (3) above applies shall, on the reorganisation date, vest in the successor authority in whose area the relevant property is situated or, where it is situated in the area of more than one successor authority, in those authorities jointly and severally.

(5) Any rights or liabilities of the abolished authority which are not vested by virtue of regulation 6 or any of the preceding paragraphs of this regulation shall, on the reorganisation date, vest in all the successor authorities jointly and severally.

Vesting of property etc. of relinquishing authorities

8.—(1) The following property shall, on the reorganisation date, vest in the acquiring authority in relation to a transferred area —

- (a) any property of the relinquishing authority in relation to that area which is identified in an agreement and in relation to which the acquiring authority is specified for the purposes of this paragraph; and
- (b) any associated property in relation to such property (other than associated property specified in a notice under regulation 5(7)).

(2) Any rights or liabilities of the relinquishing authority in relation to a transferred area in respect of any associated property which, by virtue of paragraph (1) above, vests in the acquiring authority in relation to that area shall, on the reorganisation date, vest in that authority.

(3) Any rights or liabilities of the relinquishing authority in relation to a transferred area which are identified in an agreement and in relation to which the acquiring authority or, as the case may be, that authority and the relinquishing authority, are specified for the purposes of this paragraph shall,

on the reorganisation date, vest in the acquiring authority or, as the case may be, in that authority and the relinquishing authority jointly and severally.

(4) During the period of six months beginning with the reorganisation date, the relinquishing authority and the acquiring authority in relation to a transferred area shall make agreements under this paragraph providing for —

- (a) the transfer to the acquiring authority, or the retention by the relinquishing authority, of any property specified for the purposes of this paragraph in a notice under regulation 5(7); and
- (b) either —
 - (i) the transfer to the acquiring authority, or to that authority and the relinquishing authority jointly and severally, of any rights or liabilities so specified; or
 - (ii) the retention by the relinquishing authority of any such rights or liabilities.

(5) Where an agreement under paragraph (4) above provides for the transfer of any property, rights or liabilities as mentioned in that paragraph, on such date as shall be specified in the agreement for the purposes of this paragraph —

- (a) the property shall vest in the acquiring authority; and
- (b) the rights and liabilities shall, according as the agreement provides, vest in that authority or that authority and the relinquishing authority jointly and severally.

Charities

9.—(1) This paragraph applies to any property which, immediately before the reorganisation date, is held, as sole trustee, exclusively for charitable purposes by an abolished authority.

(2) Where any property to which paragraph (1) above applies is held for the benefit of, or of the inhabitants of, or of any particular class or body of persons in, a specified area, the property shall, on the reorganisation date, vest (on the same trusts) in the successor authority the area of which, on and after that date, comprises the whole or the greater part of that specified area.

(3) Where any property to which paragraph (1) above applies is not held for such a benefit as is mentioned in paragraph (2) above, the property shall, on the reorganisation date, vest (on the same trusts) in the successor authority the area of which, on and after that date, comprises an area which, immediately before that date, is the whole or the greater part of the area of the abolished authority.

(4) Any property to which paragraph (1) above applies which is not vested in a successor authority by virtue of paragraph (2) or (3) above shall, on the reorganisation date, vest (on the same trusts) in such one of the successor authorities as may be agreed between them not later than three months before the reorganisation date or, in default of such agreement, in such successor authority as the Charity Commissioners shall determine.

(5) Where, immediately before the reorganisation date, any property is held, as sole trustee, exclusively for charitable purposes by the relinquishing authority in relation to a transferred area and is so held for the benefit of, or of the inhabitants of, or of any particular class or body of persons in, a specified area the whole or the greater part of which is comprised in the transferred area, the property shall, on that date, vest (on the same trusts) in the acquiring authority in relation to that area.

- (6) Any rights and liabilities —
 - (a) of an abolished authority in respect of any property to which paragraph (1) above applies; or
 - (b) of the relinquishing authority in relation to a transferred area in respect of any property which is held as mentioned in paragraph (5) above,

shall, on the reorganisation date, vest in the authority in which the property is vested.

(7) Where, immediately before the reorganisation date, any power with respect to a relevant charity is under the trusts of the charity or by virtue of any enactment vested in, or in the holder of an office connected with, an abolished authority or, as the case may be, the relinquishing authority in relation to a transferred area, that power shall, on that date, vest in, or in the holder of the corresponding office connected with, or (if there is no such office) the proper officer of, the authority in which the property of the charity would have been vested under paragraphs (2) to (5) above if that property had been property to which paragraph (1) above applied or, as the case may be, held as mentioned in paragraph (5) above.

(8) References in paragraph (7) above to a power with respect to a relevant charity do not include references to a power of any person by virtue of being a charity trustee of the charity; but where, under the trusts of such a charity, the charity trustees immediately before the reorganisation date include an abolished authority or the relinquishing authority in relation to a transferred area, or the holder of an office connected with such an authority, those trustees shall instead include the authority in which the property of the charity would have been vested as mentioned in paragraph (7) above or, as the case may be, the holder of the corresponding office connected with, or (if there is no such office) the proper officer of, that authority.

(9) Nothing in this regulation shall affect any power of Her Majesty, the court or any other person to alter the trusts of any charity.

(10) In this regulation —

“charity”, “charity trustees”, “company”, “the court” and “trusts” have the same meanings as in the Charities Act 1993;

“proper officer” has the same meaning as in the Local Government Act 1972(9) ; and

“relevant charity” means a charity other than a charity which is incorporated by charter or a company.

Disposal of surplus land

10.—(1) An authority in whom any surplus land is vested on the reorganisation date (“the custodian authority”)—

(a) shall use its best endeavours to secure that the land is disposed of as soon as is reasonably practicable; and

(b) shall not, except with the consent of the Secretary of State, dispose of it for a consideration which is less than the best that can reasonably be obtained.

(2) Where the custodian authority is a successor authority, the authority shall, as soon as is reasonably practicable after a disposal under paragraph (1) above—

(a) deduct the amount of any relevant expenditure from the amount received in respect of the disposal (“the disposal receipt”); and

(b) if the amount found after that deduction is a positive amount, distribute that amount in accordance with provisions included in an agreement as mentioned in regulation 5(2)(d) (ii).

(3) Where the custodian authority is the relinquishing authority in relation to a transferred area, the authority shall, as soon as is reasonably practicable after a disposal under paragraph (1) above—

(a) deduct the relevant proportion of any relevant expenditure from the appropriate proportion of the disposal receipt; and

(b) if the amount found after that deduction is a positive amount, pay that amount to the acquiring authority in relation to the area.

(9) 1972 c. 70; for “proper officer”, see section 270(3) of the Act.

- (4) For the purposes of paragraph (3) above—
- (a) the appropriate proportion is the proportion equal to the proportion which the population of the transferred area bears to the population of the area which, immediately before the reorganisation date, was the area of the relinquishing authority; and
 - (b) the population of an area shall be taken to be the number estimated by the Registrar General by reference to the date which, at the reorganisation date, is the latest date in respect of which such an estimate is available.
- (5) Where the whole of a custodian authority's relevant expenditure is not met by a deduction of such expenditure from the amount of a disposal receipt as mentioned in paragraph (2) or (3) above, that authority may recover an amount equal to the relevant proportion of any relevant expenditure which is not so met from—
- (a) where the custodian authority is a successor authority in relation to an abolished authority, any other successor authority in relation to that authority; or
 - (b) where the custodian authority is the relinquishing authority in relation to a transferred area, the acquiring authority in relation to that area.
- (6) For the purposes of paragraphs (3) and (5) above, the relevant proportion means such proportion as the authorities concerned may agree, or failing such agreement—
- (a) where those authorities are successor authorities in relation to an abolished authority, the proportion equal to the proportion which the council tax base of the authority from whom an amount is to be recovered for the financial year in which the disposal takes place bears to the aggregate of the council tax bases for that financial year of all the successor authorities; and
 - (b) where the authorities concerned are the relinquishing authority and the acquiring authority in relation to a transferred area, the proportion equal to the proportion which the relinquishing authority's estimate of the council tax base of the transferred area for that financial year bears to that authority's estimate of the council tax base for that year of the area which, immediately before the reorganisation date, was the area of that authority.
- (7) In this regulation—
- “relevant expenditure” means a sum equal to the amount by which the total of expenditure properly incurred by the custodian authority in connection with the management or disposal of surplus land exceeds the total of payments (other than the disposal receipt) received by that authority in respect of the land; and
- “surplus land” means any land identified in an agreement as mentioned in paragraph (2)(d)(i) or, as the case may be, (6)(b)(ii) of regulation 5.

Rights of access to records

11.—(1) Where—

- (a) any records of a relevant authority are vested by virtue of these Regulations or any other relevant instrument in any body; and
- (b) the records relate to—
 - (i) any property, rights or liabilities which are so vested in another body; or
 - (ii) any function which is exercisable, on and after the reorganisation date, by such other body,

that other body shall be entitled during ordinary office hours, through any person authorised in that behalf, to inspect those records and to take, or be supplied with, copies of those records or of any part of them.

(2) The rights conferred by paragraph (1) above include the right to require any record which is not in legible form to be made available in legible form for the purposes of inspection or copying or being supplied with copies.

(3) In this regulation and regulation 12, “relevant authority” means—

- (i) an abolished authority; or
- (ii) the relinquishing authority in relation to a transferred area.

Continuity of matters

12.—(1) All contracts, deeds, bonds, agreements, licences and other instruments subsisting in favour of, or against, and all notices in force which were given, or have effect as if given, by or to, a relevant authority in respect of any transferred matters shall be of full force and effect in favour of, or against, the body to whom such matters are transferred.

(2) Any action or proceeding, or any cause of action or proceeding, pending or existing at the reorganisation date by or against a relevant authority in respect of any transferred matters may be continued, prosecuted and enforced by or against the body to which such matters are transferred.

(3) In this regulation, “transferred matters” means any property, rights or liabilities transferred by virtue of these Regulations or any other relevant instrument.

PART III

TRANSITIONAL PAYMENTS

Interpretation of Part and general provision

13.—(1) In this Part—

“the final accounts” means the accounts of the relevant authority for the final year;

“the accounts date” means the date on which the responsible financial officer signs the statement of accounts prepared in relation to the final accounts⁽¹⁰⁾;

“designated authority” means—

- (a) in a case where there are two or more successor authorities in relation to an abolished authority which are principal councils, the successor authority which is specified in a section 17 order as the designated authority in relation to this Part; and
- (b) in the case of the relinquishing authority and the acquiring authority in relation to a transferred area, the relinquishing authority;

“the final year” means the financial year ending immediately before the reorganisation date;

“participant authority”, in relation to a designated authority, means—

- (i) in a case where the designated authority is one of two or more successor authorities in relation to an abolished authority which are principal councils, any other such successor authority; and
- (ii) in a case where the designated authority is the relinquishing authority in relation to a transferred area, the acquiring authority in relation to that area;

“the relevant authority”, in relation to a designated authority and any participant authority, means—

⁽¹⁰⁾ The statement of accounts is prepared under regulation 7 of the Accounts and Audit Regulations 1983 (S.I.1983/1761; to which there are amendments which are not relevant to these Regulations) and is signed pursuant to regulation 13 of those Regulations.

- (a) where those authorities are successor authorities in relation to an abolished authority, the abolished authority; and
- (b) where the designated authority is the relinquishing authority in relation to a transferred area and the participant authority is the acquiring authority in relation to that area, the relinquishing authority.

(2) Any notice under this Part which sets out calculations made in accordance with Schedule 1 shall include an explanation of the basis on which the amount or value ascribed to each of the items of the formulae in that Schedule was determined.

(3) Any notification by a participant authority under this Part that it disagrees with any calculations made by the designated authority in accordance with Schedule 1 shall state the reasons for the disagreement.

(4) A participant authority may, within one month of service by a designated authority of a notice under this Part, request that authority to supply such information relating to the contents of the notice as may be specified in the request; and the designated authority shall, as soon as is reasonably practicable, supply the information.

Initial calculations

14.—(1) A designated authority—

- (a) within such period as that authority and each participant authority may agree or, failing such agreement, the period of one month beginning with the accounts date, shall make calculations in relation to each participant authority in accordance with Schedule 1; and
- (b) as soon as is reasonably practicable, shall serve on each participant authority a notice setting out the calculations it has made in relation to that authority and any other participant authority.

(2) At any time within the period of two months beginning with the date of service of the notice mentioned in paragraph (1) above, a designated authority may serve on each participant authority one further notice setting out calculations made in accordance with Schedule 1 in substitution for the calculations set out in the first-mentioned notice.

(3) A notice under paragraph (2) above shall include a statement of the designated authority's reasons for serving it.

(4) Not later than the expiry of the period of two months beginning with the date of service of a notice under paragraph (1) or, where a notice has been served under paragraph (2) above, the date of service of that notice ("the relevant period"), each participant authority shall notify the designated authority and any other participant authority in writing whether or not it agrees with the calculations set out in the notice.

(5) Where a participant authority, pursuant to paragraph (4) above, notifies the designated authority that it does not agree with the calculations set out in a notice under paragraph (1) or, as the case may be, paragraph (2) above, the designated authority shall, not later than the expiry of the period of one month beginning with the end of the relevant period, serve on each participant authority a notice which either—

- (a) sets out calculations made in accordance with Schedule 1 in substitution for the calculations set out in the notice under paragraph (1) or, as the case may be, paragraph (2) above; or
- (b) states that the designated authority does not intend to make any such calculations and the reasons for not doing so.

(6) A participant authority may, within the period of two months beginning with the date of service of a notice under paragraph (5) above, notify the designated authority and any other

participant authority in writing that it disagrees with any substitute calculations set out in the notice or, where the notice does not set out such calculations, in respect of the calculations set out in the notice under paragraph (1) or, as the case may be, paragraph (2) above.

Further calculations

15.—(1) As soon as is reasonably practicable after the conclusion of the audit of the final accounts, a designated authority shall make calculations in relation to each participant authority in accordance with Schedule 1 and shall serve on each such authority a notice setting out the calculations it has made in relation to that authority and any other participant authority.

(2) A participant authority may, not later than the expiry of the period of two months beginning with the date of service of the notice under paragraph (1) above, notify the designated authority and any other participant authority in writing that it disagrees with the calculations set out in the notice.

Calculations following determination of differences

16.—(1) As soon as is reasonably practicable after the determination under regulation 19 of a difference notified under regulation 14(6) or 15(2), a designated authority shall, subject to paragraph (2) below, make calculations in relation to each participant authority in accordance with Schedule 1 and shall serve on each such authority a notice setting out the calculations it has made in relation to that authority and any other participant authority.

(2) Where amounts or values are ascribed in the determination to any items of the formulae in Schedule 1, the designated authority shall ascribe those amounts or values to those items when making the calculations required by paragraph (1) above.

Payments by or to the designated authority

17.—(1) Subject to paragraph (2) below—

- (a) where the amount calculated in relation to a participant authority in accordance with the formula in paragraph 8 of Schedule 1 is a positive amount, the designated authority shall pay to the participant authority a sum equal to that amount; and
- (b) where the amount so calculated is a negative amount, the participant authority shall pay to the designated authority a sum equal to that amount expressed as a positive amount.

(2) Where notification has been given by a participant authority under regulation 14(6) or 15(2) that it disagrees with any calculations made by the designated authority, any sum required, by virtue of paragraph (1) above, to be paid by that authority, any other participant authority or the designated authority in respect of those calculations shall be reduced by 20%.

(3) Any sum payable by virtue of paragraph (1) above shall be paid on or before—

- (a) such date as the authority by whom (“the paying authority”) and the authority to whom (“the payee authority”) the payment is to be made may have agreed during the period of two months beginning with the date of service of the notice setting out the calculations which give rise to the liability to pay; or
- (b) failing such agreement, the day (other than a Saturday, a Sunday or a Bank Holiday) which falls two weeks after the end of that period.

(4) Where the authorities concerned so agree, any liability to pay a sum by virtue of this Part may be discharged, in whole or in part, by the transfer to the payee authority of investments held by the paying authority.

(5) At any time after the reorganisation date, the designated authority or a participant authority may each make a payment on account to the other in respect of any sum which the authority estimates

it will be liable to pay to the other in consequence of calculations to be made in accordance with paragraph 6 of Schedule 1.

Interest

18.—(1) The paying authority shall pay interest to the payee authority in respect of any sum which has become payable by virtue of this Part and has not been paid by the due date.

(2) Interest payable under paragraph (1) above—

(a) shall be calculated in accordance with such method as may be agreed between the paying authority and the payee authority or, failing such agreement, shall be simple interest calculated on the unpaid amount in respect of the period beginning with the due date and ending with the day before the day on which the sum is paid at a rate equivalent to two per cent. above the highest base rate quoted by any of the reference banks at any time during that period; and

(b) shall be paid at the same time as the sum is paid.

(3) For the purposes of paragraph (2) above, the reference banks are the seven largest institutions—

(a) authorised by the Bank of England under the Banking Act 1987(11); and

(b) incorporated in and carrying on a deposit-taking business within the United Kingdom, which quote a base rate in sterling.

(4) For the purposes of paragraph (3) above, the size of an institution is to be determined by reference to its consolidated gross assets denominated in sterling, as shown in its audited end-year accounts last published before the period for which interest is payable begins.

(5) In this regulation—

“consolidated gross assets” of an institution is a reference to the gross assets of that institution together with any subsidiary (within the meaning of section 736 of the Companies Act 1985);

“a deposit-taking business” has the meaning given in section 6 of the Banking Act 1987 but subject to any order under section 7 of that Act;

“the due date” for payment of a sum is a reference to the date on or before which the sum is required to be paid; and

“sum” includes a reference to a part of a sum.

PART IV

MISCELLANEOUS

Disputes

19.—(1) Any question as to the interpretation or application of any provision of these Regulations may be determined—

(a) in the case of a question as to the interpretation or application of regulation 9, by the Charity Commissioners; and

(b) in any other case, by a person agreed on by the parties concerned or, in default of their agreement, appointed by the Secretary of State;

and—

(11) 1987 c. 22.

- (i) any matter which falls to be agreed under regulation 8(4) and is not so agreed; or
- (ii) any difference notified under regulation 5(4), 14(6) or 15(2),

shall be determined by such a person.

(2) Where any question as to the interpretation or application of any provision of these Regulations which relates to the vesting of any property, rights or liabilities is referred for determination under paragraph (1) above before the expiry of the period of 12 months beginning with the reorganisation date—

- (a) the provision of these Regulations which is in question (other than regulation 6(8)) shall not have, or shall cease to have, effect for the purposes of the vesting of the property, rights or liabilities concerned; and
- (b) pending the determination of the question—
 - (i) in a case which concerns any property of an abolished authority or any rights or liabilities of such an authority exclusively in respect of such property, the property, rights or liabilities shall vest in the Residuary Body; and
 - (ii) in a case which concerns any other rights or liabilities of such an authority, the rights or liabilities shall vest in the successor authority specified in a section 17 order as the designated authority in relation to regulation 6(8).

(3) The determination of—

- (a) any question such as is mentioned in paragraph (2) above;
- (b) any such matter as is mentioned in paragraph (1)(i) above; or
- (c) any difference notified under regulation 5(4)

may make any provision that might be contained in an agreement under section 20 of the Act in respect of property, rights or liabilities.

(4) Where a determination provides for the transfer of any property, rights or liabilities to an authority specified in the determination or, in the case of rights or liabilities, jointly and severally to two or more authorities so specified—

- (a) the property, rights or liabilities concerned shall, by virtue of the determination, vest in the authority so specified or, as the case may be, jointly and severally in the authorities so specified; and
- (b) the provisions of these Regulations which would have applied to the property, rights or liabilities if the vesting had been effected by virtue of a provision of these Regulations shall apply to the property, rights or liabilities.

(5) In paragraph (4) above, “authority” includes the Residuary Body.

(6) Section 31 of the Arbitration Act 1950(12) shall have effect for the purposes of a determination under this regulation by any person mentioned in paragraph (1)(b) above as if such a determination were an arbitration under any other Act within the meaning of that section.

Disputes in respect of transitional payments: further provision

20.—(1) Where the audit of the final accounts of the relevant authority is concluded after notification of a difference has been given under regulation 14(6), the designated authority concerned shall notify that fact to the person who is to determine the difference.

(2) A notification under paragraph (1) above shall be given by the designated authority within three working days of the reference of the difference to the person who is to determine it or, if later, the conclusion of the audit.

(12) 1951 c. 27; section 31 was amended by section 8(2) of the Arbitration Act 1975 (c. 3).

(3) Where a notification under paragraph (1) above is given before the determination of the difference, the person who is to determine it shall do so by reference to the final accounts as they stand at the conclusion of the audit.

(4) In this regulation—

“the final accounts” and “the relevant authority” have the same meanings as in Part III of these Regulations; and

“working day” means a day other than a Saturday, a Sunday or a bank holiday.

Designated authorities: recovery of expenditure and distribution of surpluses

21.—(1) Subject to paragraph (2) below, an authority which is specified in a section 17 order as the designated authority in relation to any provision of a relevant instrument (“the designated authority”) may recover from each participant authority such proportion of any eligible expenditure as may be agreed between them or, failing such agreement, the appropriate proportion.

(2) Where the designated authority is a successor authority in relation to an abolished authority, the amount of any eligible expenditure shall, for the purposes of paragraph (1) above, be reduced by an amount equal to the total of any interest or other sums received by the designated authority in respect of investments vested in that authority by virtue of regulation 6(8).

(3) Where the designated authority is a successor authority in relation to an abolished authority and the total of any sums received by the designated authority in any financial year in carrying out its functions as a designated authority exceeds the amount of any eligible expenditure in respect of that year, the designated authority shall, as soon as is reasonably practicable after the end of that year, pay to each participant authority the appropriate proportion of the excess.

(4) In this regulation—

“the appropriate proportion”, in relation to any participant authority, means—

(a) where the participant authority is a successor authority in relation to an abolished authority, the proportion equal to the proportion which the council tax base of the participant authority for the financial year in which an amount is recovered under paragraph (1) above, or paid under paragraph (3) above, bears to the aggregate of the council tax bases for that financial year of the designated authority and all participant authorities; and

(b) where the participant authority is the acquiring authority in relation to a transferred area, the proportion equal to the proportion which the relinquishing authority’s estimate of the council tax base of the transferred area for that financial year bears to that authority’s estimate of the council tax base for that year of the area which, immediately before the reorganisation date, was the area of that authority;

“eligible expenditure”, in relation to a designated authority, means expenditure properly incurred by the authority in carrying out any of its functions as a designated authority for the meeting of which provision is not otherwise made in a relevant instrument; and

“participant authority” has the same meaning as in Part III of these Regulations.

Signed by authority of the Secretary of State for the Environment

Department of the Environment
20th February 1995

David Curry
Minister of State,

SCHEDULE

Articles 14, 15 and 16

TRANSITIONAL PAYMENTS

Calculations by Designated Authorities**1.—(1) In this Schedule—**

“the participant authority” means the participant authority in relation to which calculations are being made in accordance with this Schedule;

“relevant area”, in relation to the participant authority, means any area which, immediately before the reorganisation date, was the whole or part of the area of the relevant authority and which, on and after that date, is the whole or part of the area of the participant authority (whether or not it was also the whole or part of that authority’s area immediately before that date);

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

“relevant provision” means any amount set aside by the relevant authority as mentioned in section 41(3)(b) of the 1989 Act (other than an amount set aside in respect of debts owed to the authority or stocks) and not used before the reorganisation date; and

“transferred”, in relation to any property, rights or liabilities, means transferred by virtue of a provision of Part II of these Regulations, a determination under regulation 19 or a provision of any other relevant instrument.

(2) In this Schedule—

(a) any reference to property does not include property held by an authority, as sole trustee, exclusively for charitable purposes and any reference to rights or liabilities does not include rights or liabilities in respect of such property;

(b) any reference to an item in the final accounts, or its book value or net book value, is a reference to the item, or its book value or net book value, on the day immediately before the reorganisation date as shown in the final accounts;

(c) in the case of a relevant authority which is a relinquishing authority in relation to a transferred area and a billing authority (within the meaning of the 1992 Act), any reference to an item in the final accounts does not include any item which relates to the collection fund maintained by the authority pursuant to section 89 of the Local Government Finance Act 1988⁽¹³⁾;

(d) any reference to the item of account which relates to debts owed by the relevant authority does not include so much (if any) of that item as relates to credit arrangements entered into by that authority;

(e) any reference to the appropriate amount or appropriate value of any item in the final accounts is a reference to such amount or value as may be agreed between the designated authority and the participant authority or, failing such agreement, determined by the designated authority; and

(f) references to subsection (3) of section 50 of the 1989 Act include references to that subsection as applied by section 51(4) of that Act (variations of credit arrangements).

(3) Where—

(a) a calculation in accordance with a formula in this Schedule requires an amount to be found by reference to an item of account which relates to any rights or liabilities of

(13) 1988 c. 41.

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the relevant authority which have been transferred to the designated authority or the participant authority; and

- (b) the rights or liabilities have been transferred jointly and severally to both of those authorities or to either of those authorities and another participant authority or the Residuary Body,

the amount or value of the item of account to be ascribed to the participant authority or the designated authority for the purposes of the calculation shall be such proportion of the amount or value of the item as may be agreed by all the authorities to whom the rights or liabilities have jointly and severally been transferred or, in default of such agreement, as the designated authority shall determine.

(4) An amount ascribed to an item of a formula in accordance with the following paragraphs of this Schedule may be nil or, as the case may be, a negative amount.

The first calculation is—

$$\frac{A + B + (C \times d)}{D}$$

where—

A is the amount which is the aggregate of—

- (a) the appropriate amount of so much of any financial reserves in the final accounts as is attributable to amounts set aside—
 - (i) in connection with any property which has been transferred to the participant authority; or
 - (ii) for the purpose of meeting any liabilities which have been so transferred; and
- (b) so much of any relevant provisions in those accounts as is attributable to amounts which were set aside or applied in that connection or for that purpose;

B is the amount found by subtracting the aggregate of—

- (a) the appropriate value of so much of the item in the final accounts which relates to debts owed to the relevant authority as is attributable to debts the right to which has been transferred to the participant authority; and
- (b) the appropriate value of so much of the item in those accounts which relates to stocks as is attributable to property which has been so transferred;

from the aggregate of—

- (a) the net book value of debts the right to which has been transferred to the participant authority; and
- (b) the net book value of stocks which are attributable to property which has been so transferred;

C is an amount determined in accordance with paragraph 3 below;

D is the amount calculated by the relevant authority as its council tax base for the final year in accordance with the relevant rules; and

d is the designated authority's estimate of so much of that amount as relates to any relevant area.

3. The amount of C shall be determined in accordance with the formula—

$$E - (F + (GA - GB) + H)$$

where—

E is the amount which is the difference between—

- (a) the aggregate of financial reserves and relevant provisions in the final accounts; and

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- (b) the aggregate of any revenue account deficits in those accounts or the accounts in respect of any preceding financial year for which provision has not already been made;

F is the amount which is—

- (a) where the designated authority is a successor authority in relation to an abolished authority, the aggregate of—
 - (i) the appropriate amount of so much of any financial reserves in the final accounts as is attributable to amounts set aside—
 - (a) in connection with any property which has been transferred to the designated authority; or
 - (b) for the purpose of meeting any liabilities which have been so transferred; and
 - (ii) so much of any relevant provisions in those accounts as is attributable to amounts which were set aside or applied in that connection or for that purpose; and
- (b) where the designated authority is the relinquishing authority in relation to a transferred area, the aggregate of—
 - (i) the appropriate amount of so much of any financial reserves in the final accounts as is attributable to amounts set aside—
 - (a) in connection with property other than property which has been transferred to the acquiring authority; or
 - (b) for the purpose of meeting any liabilities other than liabilities which have been so transferred; and
 - (ii) so much of any relevant provisions in those accounts as is attributable to amounts which were set aside or applied in that connection or for that purpose;

GA is—

- (a) in a case where the designated authority is a successor authority in relation to an abolished authority, the amount which is the aggregate of—
 - (i) the net book value of debts owed to the abolished authority the right to which has been transferred to the designated authority; and
 - (ii) the net book value of stocks which are attributable to property which has been so transferred; and
- (b) in a case where the designated authority is the relinquishing authority in relation to a transferred area, the amount which is the aggregate of—
 - (i) the net book value of debts owed to that authority other than debts the right to which has been transferred to the acquiring authority; and
 - (ii) the net book value of stocks which are attributable to property other than property which has been so transferred;

GB is—

- (a) in a case where the designated authority is a successor authority in relation to an abolished authority, the amount which is the aggregate of—
 - (i) the appropriate value of so much of the item in the final accounts which relates to debts owed to the abolished authority as is attributable to debts the right to which has been transferred to the designated authority; and
 - (ii) the appropriate value of so much of the item in those accounts which relates to stocks as is attributable to property which has been so transferred; and
- (b) in a case where the designated authority is the relinquishing authority in relation to a transferred area, the amount which is the aggregate of—

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- (i) the appropriate value of so much of the item in the final accounts which relates to debts owed to that authority as is not attributable to debts the right to which has been transferred to the acquiring authority; and
- (ii) the appropriate value of so much of the item in those accounts which relates to stocks as is not attributable to any property which has been so transferred; and

H is the aggregate of the amounts found in relation to all participant authorities in respect of items A and B in paragraph 2 above.

4. The second calculation is—

$$(I + J + K) - (L + M)$$

where—

I is the amount found by the first calculation in paragraph 2 above;

J is the aggregate of—

- (i) the book value of so much of the item in the final accounts which relates to debts owed by the relevant authority as is attributable to debts the liability for which has been transferred to the participant authority; and
- (ii) so much of the item in those accounts relating to receipts in advance as, in the designated authority's opinion, is attributable to the participant authority;

K is an amount in respect of relevant capital receipts determined in accordance with paragraph 5 below;

L is the amount which is the aggregate of—

- (a) the net book value of so much of the item in the final accounts which relates to stocks as is attributable to property which has been transferred to the participant authority; and
- (b) so much of the item in those accounts relating to payments in advance as, in the designated authority's opinion, is attributable to the participant authority;

M is the net book value of so much of the item in the final accounts which relates to debts owed to the relevant authority as is attributable to debts the right to which has been transferred to the participant authority.

5. The amount of K shall be determined in such manner as the designated authority and the participant authority may agree or, in default of such agreement, in accordance with the formula—

$$\frac{KA \times d}{D}$$

where—

KA is an amount equal to the total of the item in the final accounts which relates to relevant capital receipts; and

D and d have the same meaning as in paragraph 2 above.

6. The third calculation is—

$$(N + P) - Q$$

where—

N is the amount found by the calculation made in accordance with paragraph 4 above;

P is the aggregate of amounts determined in accordance with paragraph 7 below in respect of any credit arrangements entered into by the relevant authority in respect of which the rights and liabilities have been transferred to the participant authority (“relevant credit arrangements”); and

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Q is the total of any investments or cash which have been transferred to the participant authority.

7. For the purposes of item P, the amount of each relevant credit arrangement shall be determined in accordance with the formula—

$$(R + S + T + U) \div V$$

where—

R is the amount which is the aggregate of—

- (a) any amount of the usable part of capital receipts which the relevant authority applied in relation to the relevant credit arrangement as mentioned in paragraph (b) of subsection (3) of section 50 of the 1989 Act (credit cover for credit arrangements); and
- (b) any amount set aside from a revenue account by that authority in relation to that credit arrangement as mentioned in paragraph (c) of that subsection;

S is the aggregate of amounts determined in respect of notional interest on the relevant credit arrangement for the purposes of paragraph 15(1)(b) of Schedule 3 to the 1989 Act⁽¹⁴⁾ for each financial year (“relevant year”) beginning with the financial year immediately following the financial year in which the relevant credit arrangement was entered into (“the first year”) and ending with the final year;

T is the aggregate of principal amounts for each relevant year; and, for these purposes, a principal amount for a relevant year is so much of the amount in respect of principal referred to in paragraph 15(1)(a) of Schedule 3 to the 1989 Act⁽¹⁵⁾ for that year as the designated authority and the participant authority agree is attributable to the relevant credit arrangement or, in default of such agreement, as the designated authority determines to be so attributable;

U is the amount which is the aggregate of—

- (a) the amount by which the total of amounts shown in the accounts of the relevant authority for each relevant year as amounts set aside from a revenue account as provision to meet credit liabilities in relation to the relevant credit arrangement (otherwise than in accordance with a determination under paragraph (c) of subsection (3) of section 50 of the 1989 Act) exceeds the amount which is the principal amount for that year for the purposes of item T above; and
- (b) the total of amounts shown in such accounts as the usable part of capital receipts applied as provision to meet credit liabilities in relation to the relevant credit arrangement (otherwise than as mentioned in paragraph (b) of that subsection); and

V is the aggregate of amounts shown in the accounts of the relevant authority for each relevant year as amounts applied under section 64(1)(b) of the 1989 Act in respect of the relevant credit arrangement.

8. The fourth calculation is—

$$W \div (X \div Y)$$

where—

W is the amount found by the calculation made in accordance with paragraph 6 above;

X is the aggregate of—

- (a) amounts paid by the designated authority to the participant authority by virtue of paragraph (1) of regulation 17 in consequence of calculations previously made in accordance with paragraph 6 above; and

⁽¹⁴⁾ Amounts in respect of notional interest are determined in accordance with paragraph 19 of Schedule 3 to the 1989 Act.

⁽¹⁵⁾ Provision in respect of amounts in respect of principal for the purposes of that calculation is made in Part VIII of the Local Authorities (Capital Finance) Regulations 1990 (S.I.1990/432) (as amended by S.I.1993/520 and 1994/553).

- (b) amounts so paid by virtue of paragraph (5) of that regulation; and
Y is the aggregate of—
- (a) amounts paid by the participant authority to the designated authority by virtue of paragraph (1) of regulation 17 in consequence of such calculations; and
- (b) amounts so paid by virtue of paragraph (5) of that regulation.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision of general application for the purposes or in consequence of orders made under section 17 of the Local Government Act 1992 (“section 17 order”) which give effect to structural or boundary changes recommended by the Local Government Commission for England in respect of local authorities.

Part II of the Regulations makes provision for the transfer of the property, rights and liabilities of local authorities which are subject to such changes.

Regulation 5 requires affected authorities to use their best endeavours to make agreements for the purposes of the vesting of property, rights and liabilities under regulations 6 or 8. Authorities are also required to use their best endeavours to agree on the identification of land which is surplus to requirements (“surplus land”).

Regulations 6 and 7 make comprehensive provision for the vesting of the property, rights and liabilities of a local authority which is abolished by a section 17 order.

Regulation 8 makes provision for the vesting, in accordance with any agreement made under regulation 5, of the property, rights or liabilities of a local authority which is subject to a structural or boundary change but which is not abolished by a section 17 order. The regulation gives the authorities concerned in such a case an opportunity, in the six months following the making of the change, to make further agreements for the vesting or retention of property, rights or liabilities which were not identified in an agreement under regulation 5. If they cannot agree, the matter may be referred to arbitration under regulation 19.

Regulations 5 to 8 do not apply to property held subject to charitable trusts. Regulation 9 makes provision for the vesting of such property and rights or liabilities in respect of it.

Regulation 10 makes provision for the disposal of surplus land by the authority in whom it is vested (“the custodian authority”) and for the distribution of sale proceeds. It also makes provision for the recovery by the custodian authority of its expenditure in respect of the management of the land or its disposal.

Part III of the Regulations contains provision for the making of calculations at specified times after the making of a change in accordance with the formulae set out in the Schedule to the Regulations. The purpose of the calculation is to determine the payments to be made between the affected authorities taking account of financial reserves, provisions and capital receipts and transferred property, rights and liabilities.

Regulation 19 makes provision for disputes arising under the Regulations to be referred to a person appointed by agreement between the parties or, failing agreement, by the Secretary of State.

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Regulation 20 contains additional provision in respect of disputes relating to the calculation of transitional payments.