



Local Government Act 1974

1974 CHAPTER 7

PART I

GRANTS

Rate support grants

1 Rate support grants

- (1) Subject to the provisions of this Part of this Act, the Secretary of State shall, for the year 1974-75 and each subsequent year, make grants to local authorities in England and Wales in accordance with this section; and any grants made in pursuance of this subsection shall be known as "rate support grants".
- (2) For the purpose of fixing the estimated aggregate amount of the rate support grants for any year, the Secretary of State shall determine the aggregate amount (in this Part of this Act referred to as "the amount available for grants") which he estimates is to be available for the payment out of money provided by Parliament of grants, other than housing subsidies and grants under section 8 below, to local authorities in respect of their relevant expenditure for that year, and shall deduct therefrom—
 - (a) the portion of the amount available for grants which he estimates will be allocated to grants in respect of specific services, other than grants under section 8 below; and
 - (b) the portion of that amount which is prescribed as the aggregate amount of supplementary grants for transport purposes, within the meaning of section 6 below; and
 - (c) the portion of that amount which is prescribed as the aggregate amount of supplementary grants under section 7 below;

and so much of the amount available for grants as remains after making those deductions shall be the estimated aggregate amount of the rate support grants for that year.

Status: This is the original version (as it was originally enacted).

- (3) Before determining the amount available for grants and the portions of that amount mentioned in paragraphs (a) to (c) of subsection (2) above, the Secretary of State shall consult with such associations of local authorities as appear to him to be concerned and with any local authority with whom consultation appears to him to be desirable, and shall take into account—
- (a) the latest information available to him as to the rate of relevant expenditure;
 - (b) any probable fluctuation in the demand for services giving rise to relevant expenditure, so far as the fluctuation is attributable to circumstances prevailing in England and Wales as a whole which are not under the control of local authorities;
 - (c) the need for developing those services and the extent to which, having regard to general economic conditions, it is reasonable to develop those services; and
 - (d) the current level of prices, costs and remuneration and any future variation in that level which in the opinion of the Secretary of State will result from decisions which appear to him to be final and which will have the effect of increasing or decreasing any particular prices, costs or remuneration.
- (4) Subject to subsection (6) below, in this section " relevant expenditure ", in relation to any year, means the expenditure for that year falling to be defrayed out of the rate fund of a local authority—
- (a) reduced by the amount of any payments of such descriptions as the Secretary of State may determine which fall to be made for that year into the rate fund; and
 - (b) exclusive of the items of expenditure specified in subsection (5) below.
- (5) The items of expenditure referred to in subsection (4)(b) above are—
- (a) sums falling to be paid to another local authority by virtue of a precept or other instrument;
 - (b) expenditure under section 1(1) (awards for university and comparable courses) or section 2(3) (grants to persons undergoing training as teachers) of the Education Act 1962; and
 - (c) so much of the allowances granted in the year in question under a local authority's allowance scheme, within the meaning of Part II of the Housing Finance Act 1972, as does not exceed the authority's standard amount of rent allowances, within the meaning of that Act, for that year.
- (6) The following grants for specific services, namely grants—
- (a) to the Receiver for the Metropolitan Police District under section 77 of the Criminal Justice Act 1948 (towards the cost of probation services) and under section 27 of the Justices of the Peace Act 1949 (grants for magistrates' courts purposes), and
 - (b) under section 31 of the Police Act 1964 (police grants), whether made to a committee of a local authority or not,
- shall be treated for the purposes of subsection (2) above as grants made to local authorities; and to the extent that, in any year, any expenditure of the Receiver for the Metropolitan Police District or of a combined police authority is met by any such grants, that expenditure shall be treated for the purposes of this section as relevant expenditure in relation to that year.
- (7) In this section—

" housing subsidies " means such grants to local authorities out of money provided by Parliament for housing as may be determined by the Secretary of State to be housing subsidies for the purposes of this section; and

" rate fund ", in relation to the Greater London Council, the Common Council of the City of London and the Council of the Isles of Scilly, means the general fund or general rate, as the case may require, and in relation to any other local authority means the county fund or general rate fund.

- (8) The provisions of Part I of Schedule 1 to this Act shall have effect with respect to the termination of grants under section 1 of the Local Government Act 1966 (existing rate support grants).

2 Elements of rate support grants

- (1) The aggregate amount of the rate support grants for any year shall be divided by the Secretary of State into three elements, to be known respectively as " the needs element", " the domestic element " and " the resources element ", and the aggregate amount of the needs element and of the domestic element and the estimated aggregate amount of the resources element shall be such as may be prescribed.
- (2) Subject to the following provisions of this section, payments in respect of the elements of rate support grant shall be made to a local authority at such times as the Secretary of State may with the consent of the Treasury determine, and shall be made in aid of the revenues of the authority generally; and the provisions of Schedule 2 to this Act shall have effect with respect to the determination of the amounts payable to any local authority in respect of those elements for any year.
- (3) Except as provided by subsection (4) below, no payment in respect of the needs element shall be made to the council of a non-metropolitan district and the Secretary of State may by regulations provide that such proportion as may be determined by or under the regulations of the amount which, apart from the regulations, would be payable in respect of the needs element for any year—
- (a) to the council of a London borough or the Common Council of the City of London, or
 - (b) to the council of a metropolitan district,
- shall be payable instead to the Greater London Council or, as the case may be, to the council of the metropolitan county in which the district is situated; and any such regulations may make different provision in relation to different councils.
- (4) The Secretary of State may by regulations provide that such proportion as may be determined by or under the regulations of the amount which, apart from the regulations, would be payable in respect of the needs element for any year to the council of a non-metropolitan county shall, in such cases as may be determined in accordance with the regulations, be payable instead to the councils of districts situated in the county; and any such regulations may make different provision in relation to different councils.
- (5) No payment in respect of either the domestic element or the resources element shall be made to a county council or the Greater London Council.
- (6) Any amounts payable to a local authority in respect of the domestic element shall be taken into account for the purposes of this and any other Act as if they were payable on account of rates.

Status: This is the original version (as it was originally enacted).

- (7) Subject to subsection (8) below, the Secretary of State may—
- (a) defray any expenditure incurred in any year in the provision of services for local authorities by any body specified in regulations made by the Secretary of State ; and
 - (b) deduct from the aggregate amount of the needs element for that year such amount, not exceeding the total of the expenditure so defrayed, as appears to him to be appropriate.
- (8) Before exercising his powers under subsection (7) above, the Secretary of State shall consult with such associations of local authorities as appear to him to be concerned and with any local authority with whom consultation appears to him to be desirable.

3 Rate support grant orders

- (1) The estimated aggregate amount of the rate support grants fixed in accordance with section 1(2) above for any year and the matters which under this Part of this Act are to be prescribed shall be fixed and prescribed by an order (in this Part of this Act referred to as a " rate support grant order ") made by the Secretary of State with the consent of the Treasury and after consultation with such associations of local authorities as appear to the Secretary of State to be concerned and with any local authority with whom consultation appears to him to be desirable.
- (2) Every rate support grant order shall be laid before the Commons House of Parliament and shall not have effect until approved by a resolution of that House.
- (3) Together with any rate support grant order laid before the Commons House of Parliament there shall be laid a report of the considerations leading to the provisions of the order, including the considerations leading to the determination of the amount available for grants and the portions mentioned in paragraphs (a) to (c) of section 1(2) above.
- (4) A separate rate support grant order shall be made in advance for each year.

4 Variation of rate support grant orders

- (1) If it appears to the Secretary of State that, after the time when the amount available for grants was determined for any year, the relevant expenditure of local authorities for that year has been or is likely to be substantially increased by reason of—
- (a) an increase which has taken place in the level of prices, costs or remuneration, or
 - (b) the coming into operation of a provision of an enactment passed after this Act, and that no account was taken of that increase or, as the case may be, the effect of that provision when the amount available for grants was so determined, he may for that year redetermine that amount and the portions which are to be deducted therefrom in accordance with section 1(2) above and, by an order made in the like manner and subject to the like provisions as a rate support grant order, may increase the amounts fixed by the relevant rate support grant order as the estimated aggregate amount of the rate support grants and the aggregate amount of the needs element for that year.
- (2) The provisions of sections 1(3) and 3(3) above relating to consultation and to a report of the considerations leading to a determination under section 1 above shall apply to a redetermination under this section as they apply to a determination under that section.

- (3) In redetermining under this section the amount available for grants and the portions referred to in subsection (1) above, the Secretary of State—
- (a) shall take into account not only the effect of the increase referred to in paragraph (a) of that subsection or, as the case may be, the provision referred to in paragraph (b) thereof, but also any future variation in the level of prices, costs and remuneration current at the time of the redetermination which in his opinion will result from any such decisions as are referred to in section 1(3) (d) above, and
 - (b) except in the case of a change resulting from the coming into operation of any enactment passed after this Act, shall take no account of any change, as compared with the situation at the time that amount and those portions were determined for the purposes of the relevant rate support grant order, in the demand for services giving rise to relevant expenditure, in the need for developing those services, in the extent to which those services have been developed or in the extent to which, having regard to general economic conditions, it is reasonable to develop those services.
- (4) An order made under subsection (1) above in respect of any year shall specify the actual (and not the estimated) aggregate amount of the resources element for that year.
- (5) If, in a case where the Secretary of State proposes to make an order under subsection (1) above in respect of any year, it appears to him that, apart from any provision made by virtue of this subsection, the effect of the order and of any other order under subsection (1) above which he considers likely to be made in respect of that year would be that the ratio between the actual aggregate amount of the resources element for that year and the aggregate amount of the needs element for that year would be significantly different from the ratio (in this subsection referred to as " the expected ratio ") between the estimated aggregate amount of the resources element for that year, as fixed by the relevant rate support grant order, and the aggregate amount of the needs element, as so fixed, he may in the order under subsection (1) above—
- (a) specify as the aggregate amount of the resources element for that year such amount as, in his estimation, will secure that (taking account of the effect of any further orders likely to be made under subsection (1) above in respect of that year) the ratio which the amount so specified will bear to the aggregate amount of the needs element for that year will be the expected ratio ; and
 - (b) in order to secure that the total amount paid in respect of the resources element to local authorities entitled to payments in respect of that element does not exceed the amount specified as mentioned in paragraph (a) above, make provision for a corresponding variation in the amount payable to each such authority in respect of that element.
- (6) Except as provided by the preceding provisions of this section, an order under subsection (1) above in respect of any year shall not vary the amount of the elements of the rate support grants for that year but, subject thereto, any such order may, as respects the year to which it relates, vary any matters prescribed by the relevant rate support grant order other than—
- (a) the additional factors prescribed by that order for the purposes of paragraph 1 of Schedule 2 to this Act; and
 - (b) any matter prescribed by that order in relation to the domestic element or the resources element.
- (7) In this section " relevant expenditure" has the same meaning as in section 1 above.

5 Reduction of grants in case of default

- (1) If, in the case of any local authority or joint board, the appropriate Minister—
- (a) is satisfied that the authority or board have failed to achieve or maintain a reasonable standard in the discharge of any of their functions, regard being had to the standards maintained by other authorities and boards, and
 - (b) is of opinion that by reason of the failure a reduction should be made in the amount of any elements of rate support grant payable to the local authority or a constituent authority of the joint board,
- he may, after affording to the local or constituent authority in question an opportunity of making representations, make and cause to be laid before Parliament a report stating the amount of and the reasons for the proposed reduction and setting out any representations made by the authority with respect to the proposed reduction; and if the report is approved by a resolution of the Commons House of Parliament the Secretary of State may reduce the elements of the grant accordingly.
- (2) The appropriate Minister may make regulations for prescribing standards and general requirements in relation to any function of a local authority; and in determining for the purposes of subsection (1) above whether there has been such a failure as is mentioned in that subsection, regard shall be had to any such regulations and any other standards or requirements imposed by or under any enactment.
- (3) Any regulations in force immediately before 1st April 1974 and—
- (a) made under subsection (2) of section 4 of the Local Government Act 1966 (which in the context of that Act corresponds to subsection (2) above), or
 - (b) made under section 3(4) of the Local Government Act 1958 but, by virtue of subsection (3) of the said section 4, having effect for the purposes of that section as if made under subsection (2) thereof,
- shall have effect on and after that date for the purposes of this section as if made under subsection (2) above.
- (4) In this section " joint board " includes a joint committee which continues to exist by virtue of section 263(5) of the Local Government Act 1972.

Grants for particular purposes

6 Supplementary grants for transport purposes

- (1) For the year 1975-76 and each subsequent year the Secretary of State shall make, in accordance with the provisions of this section, supplementary grants (in this section referred to as " supplementary grants for transport purposes ") to county councils and the Greater London Council in respect of their estimated expenditure in connection with—
- (a) public transport,
 - (b) highways,
 - (c) the regulation of traffic, and
 - (d) the provision of parking places,
- and the matters specified in paragraphs (a) to (d) above are in this section referred to as " transport matters ".
- (2) To the extent that it would not otherwise be so included, there shall be treated for the purposes of this section as included in a council's estimated expenditure in connection

with transport matters their estimated capital expenditure in connection with the provision by any person of facilities for or in connection with the loading or unloading of freight carried or intended to be carried otherwise than by road.

- (3) The aggregate amount of supplementary grants for transport purposes for any year shall be such as may be prescribed.
- (4) The proportion of the aggregate amount of supplementary grants for transport purposes payable for any year to a county council or the Greater London Council shall be determined, by such method as may be prescribed for the purposes of this section, by reference to the extent (if any) to which the accepted estimated expenditure of the council for the year in connection with transport matters exceeds a level of expenditure determined in such manner and by reference to such factors as may be prescribed for the purposes of this section.
- (5) For the purposes of subsection (4) above,—
 - (a) the Secretary of State may treat the estimated expenditure of the London borough councils and the Common Council of the City of London in connection with transport matters as forming part of the estimated expenditure in connection with those matters of the Greater London Council;
 - (b) the Secretary of State may treat the estimated expenditure of a district council in connection with transport matters as forming part of the estimated expenditure in connection with those matters of the council of the county in which the district is situated; and
 - (c) " accepted ", in relation to the estimated expenditure of a council, means so much of their estimated expenditure as the Secretary of State may determine to be appropriate to be taken into account for the purposes of this section;and in making a determination under paragraph (c) above, in relation to the estimated expenditure of a council, the Secretary of State shall have regard to the progress which appears to him to have been made by the council in formulating and implementing suitable policies to meet the needs of their area in connection with transport matters.
- (6) Payments of supplementary grants for transport purposes shall be made at such times as the Secretary of State may, with the consent of the Treasury, determine.
- (7) The Secretary of State may by regulations make such supplementary provision as he considers appropriate in relation to any factor prescribed for the purposes of this section in accordance with subsection (4) above.
- (8) In consequence of the introduction of supplementary grants for transport purposes and of the provisions of this Part of this Act relating to rate support grants, the provisions of Part II of Schedule 1 to this Act shall have effect with respect to certain grants under the Highways Act 1959 and the Transport Act 1968.

7 Supplementary grants towards expenditure with respect to National Parks

- (1) For the year 1974-75 and each subsequent year the Secretary of State shall make, in accordance with the provisions of this section, supplementary grants to county councils in respect of their estimated expenditure in connection with National Parks.
- (2) The aggregate amount of supplementary grants under this section for any year shall be such as may be prescribed.
- (3) Supplementary grants under this section shall be payable only to county councils whose areas include the whole or any part of a National Park, and the proportion of

the aggregate amount of supplementary grants under this section payable for any year to a county council shall be determined, by such method as may be prescribed for the purposes of this section, by reference to so much of the estimated expenditure of the council with respect to National Parks as the Secretary of State, after consultation with the Countryside Commission, may determine to be appropriate to be taken into account for the purposes of this section.

- (4) Payments of supplementary grants under this section shall be made at such times as the Secretary of State may, with the consent of the Treasury, determine.

8 Specific grants for purposes not covered by rate support grants

- (1) For the year 1974-75 and each subsequent year, the Secretary of State shall pay—
- (a) to any rating authority granting rebates under the statutory rate rebate scheme in that year a grant equal to 90 per cent. of the aggregate amount of the rebates so granted; and
 - (b) to any rating authority granting rebates under a local rate rebate scheme in that year a grant equal to 90 per cent. of the aggregate amount of the rebates which, if that scheme had not been in force, would have been granted under the statutory rate rebate scheme during that year or, as the case may require, during the part of the year when the local rate rebate scheme was in force.
- (2) For the year 1974-75 and each subsequent year the Secretary of State shall pay to each local education authority a grant equal to 90 per cent. of the aggregate amount paid in that year by the authority—
- (a) in pursuance of awards bestowed under section 1(1) of the Education Act 1962 (for persons attending first degree university courses and comparable courses); and
 - (b) by way of grants under section 2(3) of that Act (to or in respect of persons undergoing training as teachers).
- (3) Payments of grants under subsection (1) or subsection (2) above shall be made at such times as the Secretary of State may, with the consent of the Treasury, determine.
- (4) In subsection (1) above "the statutory rate rebate scheme " and " local rate rebate scheme " have the same meanings as in Part II of this Act.
- (5) The provisions of Part III of Schedule 1 to this Act shall have effect with respect to the termination of certain grants for specific purposes, other than highways and public transport.

9 Grants and loans by the Countryside Commission

- (1) In accordance with arrangements approved by the Secretary of State and the Treasury, the Countryside Commission may give financial assistance by way of grant or loan, or partly in the one way and partly in the other, to any person in respect of expenditure incurred by him in doing anything which, in the opinion of the Commission, is conducive to the attainment of any of the purposes of the Countryside Act 1968 or the National Parks and Access to the Countryside Act 1949.
- (2) On making a grant or loan under this section the Countryside Commission may impose such conditions as they think fit including (in the case of a grant) conditions for repayment in specified circumstances.

- (3) The exercise of the Countryside Commission's power under this section shall be subject to any directions given to the Commission by the Secretary of State.
- (4) The provisions of this section shall have effect in place of the provisions of section 5 of the Countryside Act 1968 (under which grants may be made only to persons other than public bodies and only in respect of projects approved by the Secretary of State).

Supplementary

10 Supplementary provisions for Part I

- (1) The following bodies are local authorities for the purposes of this Part of this Act, namely,—
 - (a) the council of a county,
 - (b) the Greater London Council,
 - (c) the council of a district,
 - (d) the council of a London borough,
 - (e) the Common Council of the City of London, and
 - (f) the Council of the Isles of Scilly,and for the purposes of the provisions of this Act relating to the domestic element the Sub-Treasurer of the Inner Temple and the Under Treasurer of the Middle Temple shall also be local authorities.
- (2) In this Part of this Act—
 - " the amount available for grants " has the meaning assigned to it by section 1(2) above ;
 - " the appropriate Minister " means, in relation to any matter, the Minister in charge of the Government department concerned or primarily concerned with that matter;
 - " the domestic element ", " the needs element " and " the resources element " shall be construed in accordance with section 2(1) above ;
 - " prescribed " means prescribed by a rate support grant order; and
 - " year " means a period of twelve months beginning with 1st April.
- (3) The Secretary of State may make regulations for carrying the provisions of sections 1 to 5 of and Schedule 2 to this Act into effect and, without prejudice to the generality of this provision,—
 - (a) for determining the manner in which any calculation or estimate is to be made for any of the purposes of those provisions:
 - (b) for determining the authority or person by or to whom any information required for those purposes is to be given and the time at which and the form in which it is to be given ;
 - (c) for providing that the calculations or estimates by reference to which any payments are made may be treated as either conclusive or provisional or conclusive for some purposes and provisional for other purposes and, in so far as they are treated as provisional, for the making of further calculations or estimates based on information not previously available and for adjusting, in the light thereof, any payment already made;

and regulations under this subsection may make different provisions for different circumstances.

Status: This is the original version (as it was originally enacted).

- (4) Any power conferred by any provision of this Part of this Act to make regulations shall be exercisable by statutory instrument, which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (5) Before making regulations under any provision of this Part of this Act, the Secretary of State shall consult with such associations of local authorities as appear to him to be concerned and with any local authority with whom consultation appears to him to be desirable.