



Local Government Finance Act 1987

1987 CHAPTER 6

An Act to validate things done by the Secretary of State in connection with, and to make further provision as to, rate support grants and the limitation or reduction of rates and precepts of local authorities; and for connected purposes. [12th March 1987]

Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Annotations:

Modifications etc. (not altering text)

C1 Act: transfer of functions (1.7.1999) by S.I. 1999/672, art. 2, Sch. 1

PART I

ENGLAND AND WALES

Rate support grant: future years

1 Rate fund revenue accounts.

- (1) Every local authority shall keep for each year an account, to be known as—
- (a) a general rate fund revenue account, in the case of a district council or London borough council,
 - (b) a county fund revenue account, in the case of a county council,
 - (c) a general fund revenue account, in the case of a joint authority or the Inner London Education Authority, or
 - (d) a revenue account in respect of the general rate, in the case of the Common Council or the Council of the Isles of Scilly.

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- (2) In this Part of this Act “rate fund revenue account” means an account kept by virtue of subsection (1) above.
- (3) The items of account debited to the rate fund revenue account of an authority shall include all items of defined revenue expenditure, and the items of account credited to the rate fund revenue account of an authority shall include all items of defined revenue income; and the proper practices to be observed in compiling accounts shall have effect accordingly.
- (4) For the purposes of subsection (3) above defined revenue expenditure is all expenditure which is (or is to be) met by the authority concerned and which is of a revenue nature, other than—
- (a) expenditure which by virtue of any enactment, or the proper practices to be observed in compiling accounts, must be debited to an account mentioned in subsection (6) below, or
 - (b) expenditure which in accordance with those practices can be, and is, debited to an account so mentioned.
- (5) For the purposes of subsection (3) above defined revenue income is all income which is (or is to be) received by the authority concerned and which is of a revenue nature, other than—
- (a) income which by virtue of any enactment, or the proper practices to be observed in compiling accounts, must be credited to an account mentioned in subsection (6) below, or
 - (b) income which in accordance with those practices can be, and is, credited to an account so mentioned.
- (6) The accounts are the following accounts kept by the authority concerned—
- (a) any account listed in Schedule 1 to this Act, and
 - (b) any other account specified in respect of the year concerned by the Secretary of State.
- (7) Where the authority concerned is the Common Council expenditure does not fall within subsection (4) above unless (in addition to meeting the provisions of that subsection) it falls to be defrayed out of the general rate or out of income falling to be credited in aid of the general rate.
- (8) Where the authority concerned is the Common Council income does not fall within subsection (5) above unless (in addition to meeting the provisions of that subsection) it is income from the general rate or income falling to be credited in aid of the general rate.
- (9) This section shall have effect in relation to future years.

Annotations:

Modifications etc. (not altering text)

C2 Ss. 1–3 amended by [Rate Support Grants Act 1988 \(c. 51, SIF 81:1\)](#), [ss. 1\(10\), 3\(11\)](#)

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2 Rate fund revenue accounts: further provisions.

- (1) The practices to be observed in deciding as regards a particular year the matters mentioned in subsection (2) below shall be the practices mentioned in subsection (3) below.
- (2) The matters are—
 - (a) what expenditure or income is of a revenue nature for the purpose of debiting or crediting items of account to a rate fund revenue account,
 - (b) which of the following items of account are to be debited or credited to a rate fund revenue account, namely, items which are not items of expenditure or income and items which are items of expenditure or income but are not of a revenue nature,
 - (c) whether a particular item of account is to be debited or credited to a rate fund revenue account for the year concerned or to such an account for some other year, and
 - (d) other matters in connection with the compilation of a rate fund revenue account.
- (3) The practices are the proper practices applicable to accounts (by whatever name known) kept by local authorities for the year beginning in 1986 for the entry of items of the same kind as those falling to be entered in rate fund revenue accounts, but taking into account variations of practice occurring from time to time.
- (4) The Secretary of State may specify in respect of any year kinds of expenditure or income which are to be regarded as of a revenue nature for the purpose of debiting or crediting items of account to a rate fund revenue account.
- (5) Before making a specification under subsection (4) above the Secretary of State shall consider the practices mentioned in subsection (3) above, but such a specification may override those practices.
- (6) Subsection (1) above shall have effect subject to section 1(3) above and to any specification under subsection (4) above.

Annotations:

Modifications etc. (not altering text)

C3 Ss. 1–3 amended by Rate Support Grants Act 1988 (c. 51, SIF 81:1), ss. 1(10), 3(11)

3 Meaning of local authorities' expenditure.

- (1) For the purposes of Part VI of the 1980 Act relevant expenditure of a local authority in relation to any future year is the aggregate of the debit items of account for the year—
 - (a) reduced by the aggregate of the credit items of account for the year, and
 - (b) adjusted by making such additions or subtractions (or both) as are specified in respect of the year concerned by the Secretary of State.
- (2) For the purposes of subsection (1) above the debit items of account for a year are the items of account (whether of expenditure or otherwise but excluding excepted items) debited to the authority's rate fund revenue account for the year.

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- (3) For the purposes of subsection (1) above the credit items of account for a year are the items of account (whether of income or otherwise but excluding excepted items) credited to the authority's rate fund revenue account for the year.
- (4) For the purposes of subsection (2) above the following are excepted items—
- (a) items of account representing sums falling to be paid to another local authority, or the Receiver, by virtue of a precept or other instrument, and
 - (b) items of account representing expenditure under section 1(1) of the ^{M1}Education Act 1962 (awards for university and comparable courses).
- (5) For the purposes of subsection (3) above the following are excepted items—
- (a) items of account representing relevant grants to the authority, and
 - (b) items of account representing rate support grants to the authority.
- (6) Subsection (1) above shall have effect subject to any enactment (whenever passed) having the effect that anything is, or is not, to be treated for the purposes of Part VI of the 1980 Act as relevant expenditure of a local authority in relation to the year concerned.
- (7) For the purposes of Part VI of the 1980 Act the total expenditure of a local authority in relation to any future year is the expenditure which is for those purposes the authority's relevant expenditure in relation to the year—
- (a) reduced by the amount of any item of account which is credited to the authority's rate fund revenue account for the year and represents a relevant grant to the authority, and
 - (b) adjusted by making such additions or subtractions (or both) as are specified in respect of the year concerned by the Secretary of State.
- (8) The Secretary of State may specify in respect of the year concerned the manner in which, and the factors by reference to which, the amount of any addition or subtraction specified under subsection (1) or (7) above shall be calculated; and an addition or subtraction specified under subsection (1) or (7) above may or may not represent an item of account debited or credited to the authority's rate fund revenue account for the year.
- (9) In relation to any future year subsections (7) and (8) above shall have effect instead of the definition of "total expenditure" in section 56(8) of the 1980 Act.
- (10) For the purposes of subsections (5) and (7) above relevant grants are grants mentioned in section 54(2)(a), (b) or (c) of the 1980 Act other than those mentioned in subparagraph (i), (ii) or (iii) of section 54(2)(a).

Annotations:

Modifications etc. (not altering text)

C4 Ss. 1–3 amended by *Rate Support Grants Act 1988* (c. 51, SIF 81:1), **ss. 1(10), 3(11)**

Marginal Citations

M1 1962 c. 12.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Local Government Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Rate support grant: other years

4 Validation for past and general provision for future.

- (1) Anything done by the Secretary of State before the passing of this Act for the purposes of the relevant provisions in relation to any of the initial years or intermediate years shall be deemed to have been done in compliance with those provisions.
- (2) In subsection (1) above “the relevant provisions” means Part VI of the 1980 Act, section 8 of and Schedule 2 to the ^{M2}Local Government Finance Act 1982, sections 2 and 3 of the ^{M3}Education Act 1986 and section 2 of the ^{M4}Rate Support Grants Act 1986.
- (3) Any basic block grant calculation made after the passing of this Act in relation to any of the initial years shall be made by reference to the contents of, and the information taken into account by the Secretary of State in making, the last supplementary report made for the year concerned before the passing of this Act; and this subsection shall be applied separately in England and Wales.
- (4) For the purposes of subsection (3) above a basic block grant calculation is a calculation made for the purposes of section 66(2) of the 1980 Act of an amount of block grant payable, without taking account of section 63 of and Schedule 10 to that Act (education adjustments).
- (5) In relation to any intermediate year—
 - (a) after the passing of this Act relevant and total expenditure of a local authority shall be calculated for the purposes of Part VI of the 1980 Act in accordance with section 5 below, and
 - (b) anything done (including an adjustment made) after the passing of this Act for those purposes shall, to the extent that it involves relevant or total expenditure of a local authority, be done by reference to expenditure so calculated.
- (6) Subsection (1) above shall have effect notwithstanding any decision of a court (whether before or after the passing of this Act) purporting to have a contrary effect.

Annotations:

Modifications etc. (not altering text)

C5 Ss. 4, 5 amended by [Rate Support Grants Act 1988 \(c. 51, SIF 81:1\)](#), s. 1(10)

Marginal Citations

M2 1982 c. 32.

M3 1986 c. 40.

M4 1986 c. 54.

5 Further provision as to future.

- (1) Section 3 above shall apply in relation to intermediate years as it applies in relation to future years, and in its application by virtue of this section subsections (2) and (3) below shall apply.
- (2) In subsections (1), (7) and (9) the references to a future year shall be read as references to an intermediate year.

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- (3) In subsections (2), (3), (7) and (8) the references to items debited (or credited) to the authority's rate fund revenue account for the year shall be read as references to items which would by virtue of sections 1 and 2 above have been debited (or credited) to the account the authority would have been required to keep under those sections for the year if they had had effect in relation to the year.
- (4) In the application (by virtue of subsection (3) above) of sections 1 and 2 above in relation to an intermediate year, section 2 shall have effect as if for subsection (3) there were substituted—
- “(3) The practices are the proper practices applicable to the account (by whatever name known) kept by the local authority concerned for the year concerned for the entry of items of the same kind as those falling to be entered in rate fund revenue accounts; and if those practices allow for more than one course of action the course actually taken shall be deemed to have been taken.”
- (5) In the application (by virtue of subsection (3) above) of sections 1 and 2 above in relation to an intermediate year beginning in 1983, 1984 or 1985, section 1 shall have effect as if for “a joint authority” in subsection (1)(c) there were substituted “the Greater London Council.”
- (6) This section shall have effect as regards anything falling to be done after (but not as regards anything done before) the passing of this Act.

Annotations:

Modifications etc. (not altering text)

C6 Ss. 4, 5 amended by [Rate Support Grants Act 1988 \(c. 51, SIF 81:1\)](#), s. 1(10)

Rates

6 Validation of past acts.

- (1) For the purposes of any order made before the passing of this Act under section 2(3) of the 1984 Act any total of relevant expenditure there mentioned shall be deemed to have been estimated in compliance with the provisions of Part VI of the 1980 Act.
- (2) Anything done by the Secretary of State before the passing of this Act for the purposes of Part I of the 1984 Act in relation to the financial year beginning in 1985 or that beginning in 1986 shall be deemed to have been done in compliance with the provisions of that Part.
- (3) For the purposes of section 7 below and Schedule 2 to this Act—
- (a) any designation of an authority under section 2 of the 1984 Act in relation to the financial year beginning in 1987, and
- (b) any determination and notification under section 3(1) and (3) of that Act of a level for an authority's total expenditure in that year,
- shall, if made before the passing of this Act, be deemed to have been made in compliance with the provisions of Part I of the 1984 Act.
- (4) This section shall have effect notwithstanding any decision of a court (whether before or after the passing of this Act) purporting to have a contrary effect.

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7 Restrictions on rating and precepting.

- (1) This section applies to authorities designated before the passing of this Act under section 2 of the 1984 Act in relation to the financial year beginning in 1987, whether actually designated by the Secretary of State or deemed by virtue of section 68(6) of the ^{M5}Local Government Act 1985 (new authorities) to have been designated.
- (2) In relation to that financial year the powers and duties of such an authority (a designated authority) in respect of the making of a rate or issuing a precept for that year, as the case may be, shall have effect subject to section 8 below but not to the provisions of Part I of the 1984 Act.
- (3) Any duty of the Secretary of State under Part I of the 1984 Act shall not apply in relation to that financial year.
- (4) For the purposes of section 8 below the maximum limit in relation to a designated authority shall be determined in accordance with Schedule 2 to this Act.
- (5) As soon as is reasonably practicable after the Rate Support Grant Report for the financial year beginning in 1987 has been laid before the House of Commons, the Secretary of State shall serve on each designated authority a notice stating—
 - (a) the maximum limit determined by him in relation to the authority in accordance with Schedule 2 to this Act,
 - (b) the amount which in accordance with that Schedule he estimates as BG in relation to the authority (a component of the maximum limit),
 - (c) the version of the valuation lists, and the other information relating to hereditaments and rateable values, by reference to which he calculates RV in relation to the authority (another component of the maximum limit), and
 - (d) the amount which in accordance with that Schedule he estimates as DBG in relation to the authority (in a case where DBG is a component of the maximum limit in relation to the authority).

Annotations:

Marginal Citations

M5 1985 c. 51.

8 Sanctions.

- (1) If a designated authority makes a rate, whether before or after the passing of this Act but before a notice has been served on it, and the amount in the pound of the rate (exclusive of any excluded part) exceeds the maximum limit, the authority shall make a substituted rate before the expiry of the permitted period.
- (2) If a designated authority issues a precept, whether before or after the passing of this Act but before a notice has been served on it, and the amount in the pound of the precept exceeds the maximum limit, the authority shall issue a substituted precept before the expiry of the permitted period.
- (3) If a designated authority fails to comply with subsection (1) or (2) above the rate made or precept issued before the service of the notice shall be deemed not to have been validly made or issued.

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- (4) A rate made by a designated authority (under subsection (1) above or otherwise) after a notice has been served on it shall be invalid if the amount in the pound of the rate (exclusive of any excluded part) exceeds the maximum limit.
- (5) A precept issued by a designated authority (under subsection (2) above or otherwise) after a notice has been served on it shall be invalid if the amount in the pound of the precept exceeds the maximum limit.
- (6) A rate shall be invalid if any part of the rate is made for giving effect to a precept which is invalid under subsection (5) above.
- (7) In a case where a rate (or precept) is levied otherwise than at a uniform rate in the pound this section shall have effect as if—
- (a) references to the amount in the pound of the rate (or precept) were to the product of the rate (or precept) levied, and
 - (b) references to the maximum limit were to the product of a rate (or precept) levied at a uniform rate in the pound equal to the maximum limit.
- (8) For the purposes of subsection (1) above the permitted period is the period of 6 weeks beginning with the day on which a notice is served on the authority; and for the purposes of subsection (2) above the permitted period is the period of one month beginning with the day on which a notice is served on the authority.
- (9) For the purposes of this section an excluded part of a rate is any part made for giving effect to—
- (a) a precept issued to the rating authority concerned by another authority referred to in section 1(3) of the 1984 Act or by the Receiver, or
 - (b) a levy made on the rating authority concerned under section 13 of the ^{M6}London Regional Transport Act 1984.
- (10) References in this section to a notice are to a notice served under section 7(5) above.
- (11) This section applies only in relation to rates for, and precepts in respect of, the financial year beginning in 1987.

Annotations:

Marginal Citations

M6 1984 c. 32.

Miscellaneous and general

9 Power of specifying: general.

- (1) Subsections (2) to (5) below apply to any power to specify under section 1(6), 2(4) or 3(1), (7) or (8) above.
- (2) The power includes power to specify in respect of any of the intermediate years (in relation to which sections 1 to 3 above apply by virtue of section 5 above).
- (3) The power includes power to revoke or amend a specification made under the power.

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- (4) Before exercising the power the Secretary of State shall consult such associations of local authorities as appear to him to be concerned and any local authority with whom consultation appears to him to be desirable.
- (5) The power may be exercised differently for England and Wales.
- (6) Any power to specify under section 2(4) or 3(1), (7) or (8) above shall be exercised in accordance with principles to be applied to all local authorities.

10 Special provisions as to rate support grant.

Schedule 3 to this Act (which contains special provisions as to rate support grant) shall have effect.

11 Amendments and repeals.

- (1) Schedule 4 to this Act (which contains amendments) shall have effect.
- (2) The enactments mentioned in Schedule 5 to this Act are repealed to the extent specified in column 3, but subject to the provision at the end of the Schedule.

12 Interpretation.

- (1) In this Part of this Act “the 1980 Act” means the ^{M7}Local Government, Planning and Land Act 1980 and “the 1984 Act” means the Rates Act ^{M8}1984.
- (2) In this Part of this Act “joint authority”, “Rate Support Grant Report” and “supplementary report” have the same meanings as in Part VI of the 1980 Act, “local authority” means any body which is a local authority for the purposes of that Part, and “trading undertaking” has the same meaning as in section 72(3)(e) of that Act.
- (3) For the purposes of this Part of this Act as it applies in relation to an intermediate year beginning in 1983, 1984 or 1985—
 - (a) “local authority” also includes the Greater London Council and the Inner London Education Authority within the meaning of section 30 of the ^{M9}London Government Act 1963,
 - (b) references to the Inner London Education Authority in section 1(1)(c) above, paragraph (c) below and paragraph 3(10) of Schedule 3 to this Act shall be construed as references to the Inner London Education Authority within the meaning of section 30 of that Act,
 - (c) the Greater London Council and the Inner London Education Authority shall be taken to be separate local authorities, and
 - (d) “local authority” does not include a joint authority or the Inner London Education Authority established by section 18 of the ^{M10}Local Government Act 1985.
- (4) In this Part of this Act “the Common Council” means the Common Council of the City of London and “the Receiver” means the Receiver for the Metropolitan Police District.
- (5) For the purposes of this Part of this Act—
 - (a) “year” means a period of 12 months beginning with 1st April,
 - (b) initial years are (as regards England) years beginning in 1981 and 1982 or (as regards Wales) those beginning in 1981, 1982 and 1983,

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- (c) intermediate years are (as regards England) years beginning in 1983, 1984, 1985 and 1986 or (as regards Wales) those beginning in 1984, 1985 and 1986,
- (d) future years are the year beginning in 1987 and subsequent years, and
- (e) “financial year” means a period of 12 months beginning with 1st April.

Annotations:

Marginal Citations

- M7** 1980 c. 65.
- M8** 1984 c. 33.
- M9** 1963 c. 33.
- M10** 1985 c. 51.

PART II

SCOTLAND

13, 14. ^{F1}

Annotations:

Amendments (Textual)

- F1** Ss. 13, 14 repealed by [Abolition of Domestic Rates Etc. \(Scotland\) Act 1987 \(c. 47, SIF 81:2\)](#), s. 34, [Sch. 6](#)

PART III

GENERAL

15 Expenses.

There shall be paid out of money provided by Parliament any increase attributable to this Act in the sums payable out of money so provided under any other Act.

16 Citation and extent.

- (1) This Act may be cited as the Local Government Finance Act 1987.
- (2) Part I of this Act extends to England and Wales only.
- (3) Part II of this Act extends to Scotland only.
- (4) This Act does not extend to Northern Ireland.

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SCHEDULES

SCHEDULE 1

Section 1.

LIST OF ACCOUNTS

- 1 The Housing Revenue Account.
- 2 The Housing Repairs Account.
- 3 Any account of a trading undertaking (whether the undertaking is owned by the authority concerned individually or as a member of a joint committee).
- 4 Any account of any fund established under section 15(1) of the ^{M11}Public Libraries and Museums Act 1964.

Annotations:

Marginal Citations

M11 1964 c. 75.

- 5 Any account kept by virtue of section 2(2) of the ^{M12}Local Authorities (Goods and Services) Act 1970.

Annotations:

Marginal Citations

M12 1970 c. 39.

- 6 Any account of any fund known as a superannuation fund and maintained under regulations made under section 7 of the ^{M13}Superannuation Act 1972.

Annotations:

Marginal Citations

M13 1972 c. 11.

- 7, 8. **F2**

Annotations:

Amendments (Textual)

F2 Sch. 1 paras. 7, 8 repealed by Local Government and Housing Act 1989 (c. 42, SIF 81:1), s. 194(2), Sch. 12 Pt. I

- 9 Any account of any lottery fund within the meaning of section 8 of the ^{M14}Lotteries and Amusements Act 1976.

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Annotations:**Marginal Citations**

M14 [1976 c. 32.](#)

10 Any account kept by virtue of section 10(1)(i) of the 1980 Act (direct labour organisations).

11 Any account kept by virtue of section 55(1) of the ^{M15}Road Traffic Regulation Act 1984 (parking places).

Annotations:**Marginal Citations**

M15 [1984 c. 27.](#)

12 Any account kept by virtue of section 3(4)(a)(i) of the ^{M16}Further Education Act 1985.

Annotations:**Marginal Citations**

M16 [1985 c. 47.](#)

13 Any account of any fund known as a metropolitan debt administration fund and operated under any order made under section 66 of the ^{M17}Local Government Act 1985.

Annotations:**Marginal Citations**

M17 [1985 c. 51.](#)

[^{F3}14 Any account kept under section 9 of the Local Government Act 1988.]

Annotations:**Amendments (Textual)**

F3 [Sch. 1 para. 14](#) inserted by [Local Government Act 1988 \(c. 9, SIF 81:1\)](#), [s. 16\(1\)\(3\)](#)

SCHEDULE 2

Section 7.

RATES: MAXIMUM LIMIT

- 1 (1) The maximum limit in relation to a designated authority shall be determined by applying the appropriate formula (found in accordance with paragraph 6 below).
- (2) The maximum limit in relation to a designated authority shall be expressed in pence; and parts of pence shall be calculated to two decimal places only, after adding one

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hundredth where (apart from this sub-paragraph) there would be not less than one thousandth.

- 2 (1) This paragraph applies for the purposes of paragraph 6 below.
- (2) EL is the level for the authority's total expenditure in the relevant financial year which before the passing of this Act was determined and notified to the authority under section 3(1) and (3) of the 1984 Act.
- (3) BG is the aggregate of the amount (if any) of block grant which the Secretary of State estimates will be payable to the authority for the relevant financial year, where the estimate—
- (a) is made by reference to the contents of, and the information taken into account by him in making, the relevant Report, and
 - (b) is made without taking into account the effect (if any) of sections 62 and 63 of the 1980 Act (adjustments).
- (4) E is the contribution (if any) payable to the authority in respect of the relevant financial year under any scheme under section 66 of the ^{M18}London Government Act 1963 (equalisation of rates).
- (5) RV is the aggregate of the rateable values of the hereditaments in the area of the authority; and for this purpose the rateable value of a hereditament is—
- (a) in the case of a hereditament for which a method of ascertaining its rateable value for the purposes of Part VI of the 1980 Act is provided in the relevant Report, the value so ascertained, and
 - (b) in any other case, the rateable value ascribed to the hereditament in the valuation lists on 1st April 1986, ignoring any changes in the valuation lists, and any other information relating to hereditaments and rateable values, not notified to the Secretary of State before 20th December 1986.
- (6) T is the amount (if any) determined by applying the formula—

$$\frac{A}{B} \times M \times 12$$

- (7) GRE is the amount shown as grant-related expenditure in relation to the authority in the relevant Report.
- (8) R is the amount determined by applying the formula—

$$((GRE \times 1.09) - (EL \times 1.02$$

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Annotations:

Marginal Citations

M18 1963 c. 33.

- 3 (1) This paragraph applies for the purposes of paragraph 2(6) above.
- (2) A is the amount (if any) which before 20th December 1986 the authority submitted under section 65 of the 1980 Act (information) as the amount the authority estimates as its expenditure on education for the financial year beginning in 1986 (taking, if more than one such amount was submitted before that date, the latest to be so submitted).
- (3) B is the amount shown as grant-related expenditure in relation to the authority in the Rate Support Grant Report for England for the financial year beginning in 1986.
- (4) M is the figure shown as the multiplier in relation to the authority in the relevant Report.
- (5) For the purposes of sub-paragraph (2) above any amount submitted by the authority as an amount it estimates as its expenditure by way of debt charges, or by way of provision for pay and price changes, or on school meals and milk, shall be ignored.
- 4 (1) For the purposes of paragraph 2(8) above DBG is the aggregate of the amount (if any) of block grant which the Secretary of State estimates will be payable to the authority for the relevant financial year, where the estimate—
- (a) is made on the assumptions that the authority’s total expenditure in relation to the relevant financial year is equal to $GRE \times 109$, and that the gross rateable value of its area is equal to RV,
- (b) is made by reference to the contents of the relevant Report, and
- (c) is made without taking into account the effect (if any) of sections 62 and 63 of the 1980 Act (adjustments).
- (2) For the purposes of paragraph 2(8) above and sub-paragraph (1) above EL, BG, RV and GRE have the same meanings as in paragraph 6 below.
- 5 In this Schedule “the relevant financial year” means the financial year beginning in 1987 and “the relevant Report” means the Rate Support Grant Report for England for that financial year.
- 6 (1) In the case of an authority actually designated by the Secretary of State (as opposed to one deemed to have been designated) the appropriate formula is, if the authority was also designated under section 2 of the 1984 Act in relation to the financial year beginning in 1986—

$$\left(\left(EL - (BG + E) \right) \times \frac{100}{RV} \right) -$$

- (2) In the case of an authority actually designated by the Secretary of State (as opposed to one deemed to have been designated) the appropriate formula is, if the authority was not also designated under section 2 of the 1984 Act in relation to the financial

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year beginning in 1986 and if in the case of the authority GREy 109 does not exceed ELy 102—

$$\left(\left(\left(EL \times 1.02 \right) - \left(BG + E \right) \right) \right)$$

- (3) In the case of an authority actually designated by the Secretary of State (as opposed to one deemed to have been designated) the appropriate formula is, if the authority was not also designated under section 2 of the 1984 Act in relation to the financial year beginning in 1986 and if in the case of the authority GREy 109 exceeds ELy 102—

$$\left(\left(\left(EL \times 1.02 \right) - \left(BG + E \right) \right) \right)$$

- (4) In the case of a metropolitan county police authority or the Northumbria Police Authority the appropriate formula is—

$$\left(\left(\left(EL \times 1.04 \right) - BG \right) \right) \times \frac{100}{RV}$$

- (5) In the case of a metropolitan county fire and civil defence authority [^{F4}or the London Fire and Civil Defence Authority] the appropriate formula is—

$$\left(\left(\left(EL \times 1.025 \right) - BG \right) \right) \times \frac{100}{RV}$$

- (6) In the case of a metropolitan county passenger transport authority the appropriate formula is—

$$\left(\left(\left(EL \times 1.02 \right) - BG \right) \right) \times \frac{100}{RV}$$

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(7) In the case of the Inner London Education Authority the appropriate formula is—

$$\left(\left(\text{EL} \times 1.006 \right) - \text{BG} \right) \times \frac{10}{R}$$

Annotations:

Amendments (Textual)

- F4** Words in Sch. 2 para. 6(5) shall cease to have effect (3.7.2000) by virtue of 1999 c. 29, s. 328(8), Sch. 29 Pt. I para. 47 (with Sch. 12 para. 9(1)); S.I. 2000/1094, art. 4(h)

SCHEDULE 3

RATE SUPPORT GRANT: SPECIAL PROVISIONS

Consultation

- 1 (1) Sub-paragraphs (2) and (3) below apply as regards the Rate Support Grant Report for England for the year beginning in 1987 and the Rate Support Grant Report for Wales for that year.
- (2) If the Secretary of State proposes to include in such a Report any specification under section 1(6), 2(4) or 3(1), (7) or (8) of this Act in respect of that year, section 60(5) of the 1980 Act shall not require consultation to be made (as regards that Report) as to any matter relating to such a specification.
- (3) The requirements of section 60(5) of the 1980 Act may be satisfied (as regards such a Report) by consultation before the passing of this Act; and the requirement in section 54(4) of that Act to consult may be satisfied (as regards a determination to be specified in such a Report) by consultation before the passing of this Act.
- (4) Sub-paragraphs (5) and (6) below apply as regards—
- (a) the first supplementary report proposed to be made after the passing of this Act for England for the year beginning in 1985,
 - (b) the first supplementary report proposed to be so made for England for the year beginning in 1986, and
 - (c) the first supplementary report proposed to be so made for Wales for the year beginning in 1986.
- (5) If the Secretary of State proposes to include in such a report any specification under section 1(6), 2(4) or 3(1), (7) or (8) of this Act in respect of the year concerned, section 60(5) of the 1980 Act (as applied by section 61(2)) shall not require consultation to be made (as regards that report) as to any matter relating to such a specification.

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- (6) The requirements of section 60(5) of the 1980 Act (as applied by section 61(2)) may be satisfied (as regards such a report) by consultation before the passing of this Act; and the requirement in section 54(4) of that Act to consult may be satisfied (as regards a fresh determination to be specified in such a Report) by consultation before the passing of this Act.
- (7) Sub-paragraphs (2) and (3) above also apply as regards any Report proposed to be made in substitution (directly or indirectly) for any Report mentioned in sub-paragraph (1) above.
- (8) Sub-paragraphs (5) and (6) above also apply as regards any report proposed to be made in substitution (directly or indirectly) for—
 - (a) the first supplementary report made after the passing of this Act for England for the year beginning in 1985,
 - (b) the first supplementary report so made for England for the year beginning in 1986, or
 - (c) the first supplementary report so made for Wales for the year beginning in 1986.
- (9) In a case where sub-paragraph (2) or (5) above applies, section 9(4) of this Act shall not apply in relation to the exercise of the power to specify.

Certain matters to be disregarded

- 2 (1) In making any determination or doing any other thing (other than making an excepted specification) after the passing of this Act for the purposes of any relevant report, the Secretary of State shall leave out of account information and representations received by him on or after the relevant date.
- (2) In this paragraph “relevant report” means any report as regards which paragraph 1(2) and (3) above or 1(5) and (6) above apply.
- (3) In this paragraph “the relevant date” means 20th December 1986 in the case of—
 - (a) the Rate Support Grant Report for England for the year beginning in 1987,
 - (b) any Report proposed to be made in substitution (directly or indirectly) for the Report mentioned in paragraph (a) above,
 - (c) the report mentioned in paragraph 1(4)(b) above, or
 - (d) any report proposed to be made in substitution (directly or indirectly) for the report mentioned in paragraph 1(8)(b) above.
- (4) In this paragraph “the relevant date” means 11th December 1986 in the case of—
 - (a) the report mentioned in paragraph 1(4)(a) above, or
 - (b) any report proposed to be made in substitution (directly or indirectly) for the report mentioned in paragraph 1(8)(a) above.
- (5) In this paragraph “the relevant date” means 4th December 1986 in the case of—
 - (a) the Rate Support Grant Report for Wales for the year beginning in 1987,
 - (b) any Report proposed to be made in substitution (directly or indirectly) for the Report mentioned in paragraph (a) above,
 - (c) the report mentioned in paragraph 1(4)(c) above, or
 - (d) any report proposed to be made in substitution (directly or indirectly) for the report mentioned in paragraph 1(8)(c) above.

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- (6) In this paragraph “an excepted specification” means a specification made under section 1(6), 2(4) or 3(1), (7) or (8) of this Act.

Total expenditure 1985-86

- 3 (1) In doing any of the acts mentioned in sub-paragraph (2) below the Secretary of State shall treat the relevant amount as the amount of an English local authority’s total expenditure in relation to the relevant year.
- (2) The acts are—
- (a) making any determination or doing any other thing after the passing of this Act for the purposes of any relevant report, and
 - (b) making under section 66(1) of the 1980 Act the first estimate and notification to be made after the passing of this Act as regards the authority concerned for the relevant year.
- (3) Where an amount estimated as an authority’s total expenditure in relation to the relevant year was submitted to the Secretary of State by the authority—
- (a) before 11th December 1986, and
 - (b) in response to a requirement made under section 65 of the 1980 Act in April 1986,
- for the purposes of this paragraph the relevant amount is (as regards the authority) the amount submitted.
- (4) Where in the case of an authority no amount was submitted as mentioned in sub-paragraph (3) above but an amount estimated as the authority’s total expenditure in relation to the relevant year was submitted to the Secretary of State by the authority—
- (a) before 11th December 1986, and
 - (b) in response to a requirement made under section 65 of the 1980 Act in February 1985,
- for the purposes of this paragraph the relevant amount is (as regards the authority) the amount mentioned in sub-paragraph (5) or (6) below (as the case may be).
- (5) Where sub-paragraph (4) above applies in the case of an authority which is not a local education authority, the amount is the amount submitted.
- (6) Where sub-paragraph (4) above applies in the case of an authority which is a local education authority, the amount is the amount submitted as adjusted by a method determined by the Secretary of State; and the method shall be determined in accordance with principles to be applied to all authorities affected by the adjustment.
- (7) Where in the case of an authority more than one amount was submitted as mentioned in sub-paragraph (3) above, for the purposes of that sub-paragraph the amount submitted shall be taken to be the latest to be so submitted.
- (8) In this paragraph “the relevant year” means the year beginning in 1985.
- (9) For the purposes of this paragraph relevant reports are—
- (a) the report mentioned in paragraph 1(4)(a) above, and
 - (b) any report proposed to be made in substitution (directly or indirectly) for the report mentioned in paragraph 1(8)(a) above.

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- (10) In its application in relation to the Greater London Council, the Inner London Education Authority or a metropolitan county council, this paragraph shall have effect as if the second reference to the authority in sub-paragraph (3) included a reference to the London Residuary Body or (as the case may be) the body established for the metropolitan county by section 57(1)(b) of the ^{M19}Local Government Act 1985.

Annotations:

Marginal Citations

M19 1985 c. 51.

Total expenditure 1986-87

- 4 (1) Sub-paragraph (2) below applies where before the relevant date a local authority submitted to the Secretary of State an amount which it estimates as its total expenditure in relation to the relevant year.
- (2) In doing any of the acts mentioned in sub-paragraph (3) below the Secretary of State shall treat the amount submitted as the amount of the authority's total expenditure in relation to the relevant year.
- (3) The acts are—
- (a) making any determination or doing any other thing after the passing of this Act for the purposes of any relevant report, and
 - (b) making under section 66(1) of the 1980 Act the first estimate and notification to be made after the passing of this Act as regards the authority concerned for the relevant year.
- (4) For the purposes of sub-paragraph (2) above—
- (a) if the authority and the Secretary of State agreed before the relevant date an amount to replace any amount submitted, the amount submitted shall be taken to be the amount agreed, and
 - (b) subject to paragraph (a) above, if more than one amount was submitted before the relevant date, the amount submitted shall be taken to be the latest to be so submitted.
- (5) In this paragraph “the relevant year” means the year beginning in 1986.
- (6) For the purposes of this paragraph relevant reports are—
- (a) the report mentioned in paragraph 1(4)(b) above and that mentioned in paragraph 1(4)(c) above, and
 - (b) any report proposed to be made in substitution (directly or indirectly) for the report mentioned in paragraph 1(8)(b) above or that mentioned in paragraph 1(8)(c) above.
- (7) In this paragraph “the relevant date” means 20th December 1986 in the case of an English authority, or 4th December 1986 in the case of a Welsh authority.

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Total expenditure 1986-87 (further provisions)

- 5 (1) Sub-paragraph (2) below applies where before the relevant date a local authority submitted to the Secretary of State an amount which it estimates as its total expenditure in relation to the year beginning in 1986.
- (2) Where, in making any determination or doing any other thing after the passing of this Act for the purposes of any Report as regards which paragraph 1(2) and (3) above apply the Secretary of State wishes to take into account the authority's total expenditure in relation to the year beginning in 1986, he shall treat the amount submitted as the amount of its total expenditure in relation to that year.
- (3) For the purposes of sub-paragraph (2) above—
- (a) if the authority and the Secretary of State agreed before the relevant date an amount to replace any amount submitted, the amount submitted shall be taken to be the amount agreed, and
 - (b) subject to paragraph (a) above, if more than one amount was submitted before the relevant date, the amount submitted shall be taken to be the latest to be so submitted.
- (4) In this paragraph “the relevant date” means 20th December 1986 in the case of an English authority, or 4th December 1986 in the case of a Welsh authority.

Teachers' remuneration

- 6 (1) In making any determination or doing any other thing after the passing of this Act for the purposes of any Report as regards which paragraph 1(2) and (3) above apply, the Secretary of State shall leave out of account the matters mentioned in sub-paragraph (2) below.
- (2) The matters are scales and allowances which relate to the remuneration of school teachers and provide for remuneration greater than the aggregate of—
- (a) the remuneration in payment in December 1986, and
 - (b) 3.75 per cent. of the remuneration mentioned in paragraph (a) above (375 per cent. being the approximate increase in the GDP deflator for 1987-88, as predicted in the Autumn Statement 1986 presented to Parliament by the Chancellor of the Exchequer in November 1986).
- (3) In making any determination or doing any other thing after the passing of this Act for the purposes of—
- (a) the report mentioned in paragraph 1(4)(b) above or that mentioned in paragraph 1(4)(c) above, or
 - (b) any report proposed to be made in substitution (directly or indirectly) for the report mentioned in paragraph 1(8)(b) above or that mentioned in paragraph 1(8)(c) above,
- the Secretary of State shall leave out of account the matters mentioned in sub-paragraph (4) below.
- (4) The matters are scales and allowances which relate to the remuneration of school teachers and provide for remuneration greater than the remuneration in payment in December 1986.
- (5) In this paragraph “school teacher” means—

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- (a) a teacher in a primary or secondary school maintained by a local education authority, or
- (b) a person employed by a local education authority as a teacher in the provision of primary or secondary education, other than a person employed as a teacher in an establishment maintained by a local authority in the exercise of a social services function.

Rateable values 1985-86

- 7 (1) In doing any of the acts mentioned in sub-paragraph (2) below the Secretary of State shall—
- (a) take into account information relating to hereditaments in the area of an English local authority and their rateable values if the information falls within sub-paragraph (4) below, and
 - (b) leave out of account information relating to such hereditaments and their rateable values if the information does not fall within sub-paragraph (4) below.
- (2) The acts are—
- (a) making any determination or doing any other thing after the passing of this Act for the purposes of any relevant report, and
 - (b) making under section 66(1) of the 1980 Act the first estimate and notification to be made after the passing of this Act as regards the authority concerned for the year beginning in 1985.
- (3) For the purposes of this paragraph relevant reports are—
- (a) the report mentioned in paragraph 1(4)(a) above, and
 - (b) any report proposed to be made in substitution (directly or indirectly) for the report mentioned in paragraph 1(8)(a) above.
- (4) The information referred to in sub-paragraph (1) above is that which was taken into account in making the last supplementary report made before the passing of this Act for England for the year beginning in 1985.

Rateable values 1986-87

- 8 (1) In doing any of the acts mentioned in sub-paragraph (2) below the Secretary of State shall—
- (a) take into account information relating to hereditaments in the area of an English local authority and their rateable values if the information falls within sub-paragraph (4) below, and
 - (b) leave out of account information relating to such hereditaments and their rateable values if the information does not fall within sub-paragraph (4) below.
- (2) The acts are—
- (a) making any determination or doing any other thing after the passing of this Act for the purposes of any relevant report, and
 - (b) making under section 66(1) of the 1980 Act the first estimate and notification to be made after the passing of this Act as regards the authority concerned for the year beginning in 1986.

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- (3) For the purposes of this paragraph relevant reports are—
- (a) the report mentioned in paragraph 1(4)(b) above, and
 - (b) any report proposed to be made in substitution (directly or indirectly) for the report mentioned in paragraph 1(8)(b) above.
- (4) The information referred to in sub-paragraph (1) above is that which was taken into account in making the Rate Support Grant Report for England for the year beginning in 1986.

General

- 9 References in this Schedule to making determinations or doing other things for the purposes of a report include references to making or doing them with a view to the inclusion of anything in a report whether or not the inclusion is required by any enactment.
- 10 (1) Paragraph 6 above shall have effect subject to paragraphs 4 and 5 above.
- (2) Part VI of the 1980 Act shall have effect subject to paragraphs 2 to 8 above.

SCHEDULE 4

Section 11.

AMENDMENTS

^{M20}Local Government, Planning and Land Act 1980

Annotations:

Marginal Citations

M20 1980 c. 65.

- 1 (1) Section 54 of the 1980 Act shall be amended as mentioned in sub-paragraphs (2) and (3) below.
- (2) In subsection (1) for “in respect of their” there shall be substituted “ and the Receiver in respect of ”, subsections (5) and (6) shall be omitted, and in subsection (7) the words “for the Metropolitan Police District” and the words from “and to the extent that” to the end shall be omitted.
- (3) At the end there shall be inserted—
- “(9) In this section “relevant expenditure” in relation to any year means—
- (a) the aggregate of all local authorities’ relevant expenditure in relation to the year, plus
 - (b) the Receiver’s total expenditure for the year (within the meaning of Schedule 2 to the Local Government Finance Act 1982).
- (10) But to the extent that, in any year, any expenditure of the Receiver or of a combined police authority is met by any grants mentioned in subsection (7) (a) or (b) above, that expenditure shall be treated for the purposes of this section as relevant expenditure in relation to that year.

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- (11) In this section “the Receiver” means the Receiver for the Metropolitan Police District.”
- 2 (1) Section 56 of the 1980 Act shall be amended as mentioned in sub-paragraphs (2) and (3) below.
- (2) In subsections (6) and (7) for “the total expenditure to be incurred by them during” there shall be substituted “ their total expenditure in relation to ”.
- (3) In subsection (8), in the definition of grant-related expenditure, after “notional” there shall be inserted “ total ”.
- 3 In section 58(5) of the 1980 Act after “in their” there shall be inserted “ total ”.
- 4 The following shall be substituted for section 65 of the 1980 Act—

“65 Information.

- (1) Each local authority shall submit to the Secretary of State in respect of each year, in such form and by such date as he may specify, such of the information mentioned in subsection (2) below as he may from time to time require for the purposes of this Part of this Act, section 8 of the Local Government Finance Act 1982, section 2 of the Rate Support Grants Act 1986 and sections 1 and 2 of the Local Government Finance Act 1987.
- (2) The information is information as to the following matters—
- (a) the expenditure incurred, or to be incurred, by the authority during the year,
 - (b) their relevant expenditure in relation to the year,
 - (c) their total expenditure in relation to the year, and
 - (d) their accounts for the year.
- (3) The information required under subsection (1) above may include any of the following—
- (a) what the authority calculate as the amount of expenditure incurred, or likely to be incurred, by them during the year,
 - (b) what the authority calculate as the amount, or likely amount, of their relevant expenditure in relation to the year,
 - (c) what the authority calculate as the amount, or likely amount, of their total expenditure in relation to the year,
 - (d) what the authority calculate as the amount of any addition or subtraction to be made in relation to the year by virtue of any specification under section 3(1) or (7) of the Local Government Finance Act 1987, and
 - (e) information about the items of account which are likely to be (as well as those which have been) debited or credited to the authority’s accounts for the year.
- (4) Where no or no sufficient information as to the matters mentioned in subsection (2) above has been submitted to the Secretary of State in respect of a year, whether under subsection (1) above or otherwise, he may for the purpose of making a supplementary report, an adjustment under section 62 above or an estimate under section 66(1) below make such assumptions as to those matters as he thinks appropriate.

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- (5) Where any information as to any of the matters mentioned in subsection (2) above is submitted to the Secretary of State under subsection (1) above after the date specified by him, or otherwise than under that subsection, he may for any of the purposes mentioned in subsection (4) above disregard it if he considers that it is not reasonably practicable to take it into account for that purpose.”

Social Security and Housing Benefits Act 1982

- 5 In section 34(2) of the ^{M21}Social Security and Housing Benefits Act 1982 for the words from “count” to the end there shall be substituted “ be treated for the purposes of Part VI of the Local Government, Planning and Land Act 1980 (rate support grant) as relevant expenditure of the authority in relation to the year concerned. ”

Annotations:

Marginal Citations

M21 1982 c. 24.

Local Government Finance Act 1982

- 6 (1) Section 3 of the ^{M22}Local Government Finance Act 1982 (substituted rates and precepts) shall be amended as mentioned in sub-paragraphs (2) and (3) below.
- (2) In subsection (4) for “any authority” there shall be substituted “ or section 8 of the Local Government Finance Act 1987, any authority to which the duty in section 8(1) of that Act does not apply and ”.
- (3) In subsections (5) and (7) after “this section” there shall be inserted “ or section 8 of the Local Government Finance Act 1987 ”.

Annotations:

Marginal Citations

M22 1982 c. 32.

- 7 In section 8 of the Local Government Finance Act 1982 (adjustments of distribution of block grant) the following shall be inserted after subsection (4)—
- “(4A) If guidance issued for the purposes of section 59(6)(cc) of the said Act of 1980 is guidance by reference to total expenditure, and if representations in the following behalf are made to the Secretary of State by any association of local authorities or by any local authority, he may—
- (a) in the Rate Support Grant Report made for any year under section 60 of that Act, or
 - (b) in a supplementary report made for any year under section 61 of that Act,
- provide that items of any description or amount shall be disregarded in calculating total expenditure for the purposes of the said section 59(6)(cc) and of determining under subsection (3)(c) above whether or the extent to

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which local authorities have or have not complied (or have or have not taken steps to comply) with the guidance.”

M23 Rates Act 1984

Annotations:

Marginal Citations

M23 1984 c. 33.

- 8 (1) Section 7 of the 1984 Act (certificates of compliance) shall be amended as mentioned in sub-paragraphs (2) and (3) below.
- (2) In subsection (1) for “this Part of this Act” there shall be substituted “ section 8(4) of the Local Government Finance Act 1987 ”.
- (3) In subsections (2) and (3) for “this Part of this Act” there shall be substituted “ section 8(5) of the Local Government Finance Act 1987 ”.
- (4) In section 7(2) of this Act the words “but not to the provisions of Part I of the 1984 Act” shall have effect subject to this paragraph.

- 9 In section 19(2) of the 1984 Act for “ , “Rate Support Grant Report” and “total expenditure”” there shall be substituted “and “Rate Support Grant Report

“(2A) For the purposes of this Act the total expenditure of a local authority in relation to any financial year is the expenditure which is its total expenditure in relation to the year for the purposes of Part VI of the Local Government, Planning and Land Act 1980 by virtue of section 3 of the Local Government Finance Act 1987.”

Local Government Act 1985

- 10 In paragraph 2(1)(b) of Schedule 15 to the ^{M24}Local Government Act 1985 for “section 54(5)” there shall be substituted “ Part VI ”.

Annotations:

Marginal Citations

M24 1985 c.51.

Social Security Act 1986

- 11 In section 30(10) of the ^{M25}Social Security Act 1986 for the words from “count” to the end there shall be substituted “ be treated for the purposes of Part VI of the Local Government, Planning and Land Act 1980 (rate support grant) as relevant expenditure of the authority in relation to the year. ”

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Annotations:**Marginal Citations**

M25 1986 c.50.

General

- 12 (1) The amendments in paragraphs 6 and 8 above shall have effect only in relation to rates for, and precepts in respect of, the financial year beginning in 1987.
- (2) The amendments in paragraph 9 above shall have effect in relation to the financial year beginning in 1988 and subsequent financial years.
- (3) The other amendments in this Schedule—
- (a) shall have effect in relation to each of the future years, and
 - (b) shall have effect in relation to each of the intermediate years as regards anything falling to be done after (but not as regards anything done before) the passing of this Act,
- to the extent that the provisions amended have effect (apart from this Act) in relation to the future year or intermediate year concerned.

SCHEDULE 5

Section 11.

REPEALS

Chapter	Short title	Extent of repeal
1976 c. 32.	Lotteries and Amusements Act 1976.	Section 8(3).
1980 c. 65.	Local Government, Planning and Land Act 1980.	In section 54, subsections (5) and (6), in subsection (7) the words “for the Metropolitan Police District” and the words from “and to the extent that” to the end, and in subsection (8) the definition of rate fund. In section 56, in subsection (8) the definition of total expenditure, in subsection (10) the words “giving a direction under subsection (8) above or”, and subsection (11). Section 68(4).
1982 c. 32.	Local Government Finance Act 1982.	In section 9, subsections (2) and (3).

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		In Schedule 2, paragraphs 3 and 9.
1985 c. 51.	Local Government Act 1985.	Section 69(3).
1986 c. 50.	Social Security Act 1986.	In Schedule 10, paragraph 52(2).
1986 c. 54.	Rate Support Grants Act 1986.	In Schedule 1, paragraph 13.

The repeals in this Schedule—

- (a) shall have effect in relation to each of the future years, and
 - (b) shall have effect in relation to each of the intermediate years as regards anything falling to be done after (but not as regards anything done before) the passing of this Act,
- to the extent that the provisions repealed have effect (apart from this Act) in relation to the future year or intermediate year concerned.

Changes to legislation:

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

- Act repealed by [2004 c. 14 Sch. 1 Pt. 10](#) Group 2