



# Local Government Act 1958

## 1958 CHAPTER 55

### PART I

#### GRANTS AND RATES

##### *Rate-deficiency Grants to local authorities*

#### **5 Rate-deficiency Grants**

- (1) The provisions of Part I of the Local Government Act, 1948 (hereinafter referred to as "the Act of 1948") relating to grants under section two of that Act (hereinafter referred to as "Rate-deficiency Grants") shall as respects the year 1959-60 and subsequent years be amended in accordance with the following provisions of this section.
- (2) The local authorities to which Rate-deficiency Grants may become payable shall include county district councils, metropolitan borough councils, and the Common Council of the City of London, as well as county and county borough councils, and section nine of the Act of 1948 (which provides for capitation payments by county councils to local authorities in the county) shall not have effect.
- (3) The condition for the payment of a Rate-deficiency Grant to a local authority for any year shall be that the product of a rate of one penny in the pound for the area of the authority for that year is less than the standard penny rate product for the area, and the amount of the grant for any year, subject to the following section, shall be the amount which bears to the expenditure of the authority for that year the same proportion as the difference between the said rate products bears to the standard penny rate product for the area for that year.
- (4) For the purposes of this section the standard penny rate product for an area is the sum which bears to the product of a rate of one penny in the pound for the year in question for the whole of England and Wales the same proportion as the population of the area bears to the population of England and Wales:

Provided that in ascertaining the standard penny rate product for a county or county borough the population of any county in the case of which the ratio of the population

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to the road-mileage of the county is less than seventy shall be taken to be increased by two-fifths of the additional population needed in order that the population divided by the road-mileage should be seventy.

- (5) For the purposes of this section the expenditure of a county council shall be taken to be so much of the total expenditure of the council for the year in question for general county purposes as would have to be met out of rates levied within the county if no Rate-deficiency Grants were payable.
- (6) For the purposes of this section the expenditure of an authority, not being a county council, shall be taken to be so much of the total expenditure of the authority for the year in question as would have to be met out of rates levied within the area of the authority if no Rate-deficiency Grants and, in the case of a local authority within the administrative county of London, no payments under section ten of the Act of 1948 were payable, excluding the cost of the collection of rates, ascertained in the case of county boroughs in accordance with rules made by the Minister for the purposes of this Part of this Act and in the case of a county district or metropolitan borough or the Common Council of the City of London in accordance with the respective rules made under section nine of the Rating and Valuation Act, 1925:

Provided that any expenditure in pursuance of section twenty-five of the Land Drainage Act, 1930 (which enables urban rating authorities to pay to drainage boards the aggregate amount of the drainage rate for any part of their area within a drainage district, and to recover the sum paid out of the proceeds of an additional item of the general rate) shall be disregarded for the purposes of this section.

- (7) For the purposes of this section—
- (a) sums payable by an authority by virtue of a precept issued by a county council, in so far as payable in respect of expenditure of the county council for general county purposes, and
  - (b) sums payable by an authority by virtue of subsection (2) of section three of this Act in respect of the amount of any reduction in general grant recoverable from the authority,

shall not be treated as expenditure of the authority paying those sums.

- (8) For the purposes of this section the amount of expenditure of an authority falling to be met out of rates shall be ascertained without regard to the provisions of section three of this Act or to any reduction of grant made thereunder.
- (9) In accordance with the foregoing provisions of this section the Act of 1948 shall have effect, as respects the year 1959-60 and subsequent years, subject to the following amendments, that is to say:—
- (a) in section two, in subsection (1), for the words " 1948-1949 " there shall be substituted the words " 1959-60 " and for the words from "the rateable value for a county " to " this Act" there shall be substituted the words " the product of a rate of one penny in the pound for the area of a local authority is less than the standard penny rate product (as defined by the Local Government Act, 1958) for that area " , for the words from " the council of the county " to the end of the subsection there shall be substituted the words " the local authority a grant of such amount as is provided by sections five to seven of that Act " , and subsection (2) of that section shall not have effect;
  - (b) for the words " Exchequer Equalisation Grants" or " Exchequer Equalisation Grant" wherever they occur there shall be substituted the words " Rate-deficiency Grants " or, as the case may be, " Rate-deficiency Grant";

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- (c) sections three and four shall not have effect;
- (d) in section one hundred and forty-four, in subsection (4), after the words " 1925 " there shall be inserted the words " or, if the area is a county borough, as ascertained in accordance with rules made by the Minister for the purposes of Part I of the Local Government Act, 1958 ".

## **6 Limitation of Rate-deficiency Grant to normal expenditure**

- (1) Where, as respects a year for which Rate-deficiency Grants are payable (hereinafter referred to as " the grant year "), the expenditure of a local authority exceeds its normal expenditure as hereinafter ascertained, the amount of the excess shall be disregarded in determining the amount of any Rate-deficiency Grant payable to the authority for that year:

Provided that for any of the first four years for which Rate-deficiency Grants are payable the whole amount of the excess shall not be disregarded as aforesaid, but for the first of those years one-fifth only shall be disregarded, for the second two-fifths only and so on.

- (2) For the purposes of this section local authorities shall be divided into the following six groups, that is to say.—
- (a) county councils;
  - (b) county borough councils ;
  - (c) metropolitan borough councils and the Common Council of the City of London;
  - (d) non-county borough councils;
  - (e) urban district councils; and
  - (f) rural district councils,

and the normal expenditure of an authority of any group, in relation to the grant year, shall be ascertained as follows.

- (3) For each authority comprised in the group, and for the group as a whole, there shall be ascertained the average of the expenditure per head of population for each of the three last years preceding the grant year.

The said averages are hereinafter referred to respectively as the triennial average of a local authority and the triennial average of the group.

- (4) For the purposes of this section the population of a county in the case of which the ratio of the population to the road-mileage of the county is less than seventy shall be taken to be increased by two-fifths of the additional population needed in order that the population divide by the road mileage should be seventy.
- (5) If the triennial average of a local authority is less than the triennial average of the group, the normal expenditure of the authority for the grant year is the product of the population of the area of the local authority and the expenditure per head of population for that year of the group as a whole.
- (6) If the triennial average of a local authority equals or is greater than the triennial average of the group.—
- (a) there shall be ascertained the expenditure per head of population for the grant year of the group as a whole,

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(b) there shall be ascertained the ratio which that expenditure bears to the triennial average of the group;

and unless that ratio is less than one, the normal expenditure of the local authority for the grant year shall be the product of the population of the area of the authority and the amount which bears that ratio to the triennial average of the authority, but if that ratio is less than one the normal expenditure of the authority for the grant year shall be the product of the population and the triennial average of the authority.

- (7) For the purposes of this section expenditure for police purposes shall be left out of account, and the Minister may leave out of account any other expenditure of a local authority in so far as it appears to him that by reason of any special circumstances it ought to be excluded.
- (8) Subject to the foregoing subsection, the expenditure of a local authority, or of the local authorities comprised in a group, shall be ascertained for the purposes of this section in like manner as for the purposes of the foregoing section.
- (9) References in this section to the expenditure per head of population of the group as a whole are references to the aggregate of the expenditures of each of the local authorities comprised in the group divided by the aggregate of the numbers of the population of the area of each of those authorities.
- (10) References in this section to local authorities or to county councils do not include references to the London County Council.

## **7 Modification for special cases of provisions as to Rate-deficiency Grants**

- (1) If the Minister is satisfied, as respects the councils of county districts in any county, that the part of their expenditure, as ascertained for the purposes of Rate-deficiency Grant, which is attributable to expenditure of the county council for special county purposes bears such a proportion to the whole of their expenditure as so ascertained that the provisions relating to that Grant will not apply equitably in relation to the county without modification, the Minister may make a scheme for applying those provisions with such modifications as may be specified in the scheme.
- (2) Any scheme under this section may be varied or revoked by a subsequent scheme made by the Minister.