
STATUTORY INSTRUMENTS

1986 No. 2093

LOCAL GOVERNMENT, ENGLAND AND WALES

The Local Government Reorganisation (Capital Money) (West Midlands) Order 1986

<i>Made - - - -</i>	<i>2nd December 1986</i>
<i>Laid before Parliament</i>	<i>5th December 1986</i>
<i>Coming into Operation</i>	<i>30th December 1986</i>

The Secretary of State for the Environment, in exercise of the powers conferred upon him by sections 77 and 101 of the Local Government Act 1985 (a) and of all other powers enabling him in that behalf, hereby makes the following order:—

PART I

Citation and commencement

1. This order may be cited as the Local Government Reorganisation (Capital Money) (West Midlands) Order 1986 and shall come into operation on 30th December 1986.

Interpretation

2.—(1) In this order, except where the context otherwise requires—

“the abolished council” means the West Midlands Metropolitan County Council;

“the 1985 Act” means the Local Government Act 1985;

“the 1980 Act” means the Local Government, Planning and Land Act 1980 (b);

“compensation payments” means any payment made under Part VI of the Employment Protection (Consolidation) Act 1978 (c), an order under section 2 of the Pensions (Increase) Act 1971 (d), an order under section 59 of the Social Security Pensions Act 1975 (e), under the Local Government Reorganisation (Compensation) Regulations 1986 (f) or under the Local Government Reorganisation (Reduction of Redundancy Payment Cases) Scheme 1986 (g) or made in satisfaction of contractual rights saved by section 53(3) of the 1985 Act; but excluding any part of any such payment which is recoverable from any person other than the recipient;

(a) 1985 c.51.

(b) 1980 c.65.

(c) 1978 c.44.

(d) 1971 c.56; section 2 was repealed by section 65(3) of the Social Security Pensions Act 1975 but without prejudice to any existing order made under section 2.

(e) 1975 c.60.

(f) S.I. 1986/151.

(g) made under section 59(3) of the Local Government Act 1985.

[DET 5725]

“direct capital receipts” means monies described in paragraph (2)(a);

“disposal” means disposal by operation of law or otherwise;

“non-reckonable capital money” means money which has been applied for the purpose of making compensation payments;

“other property” means any vehicle, vessel, movable and immovable plant, machinery and apparatus;

“police receipts” means that part of the monies described in paragraph (2)(b) which is attributable to the functions of the abolished council as a police authority;

“prescribed expenditure” shall be construed in accordance with Schedule 12 to the 1980 Act;

“reimbursable capital money” means capital money as defined in paragraph (2) which is payable by the Residuary Body to the Exchequer or the European Commission by virtue of the land, other property, grant or advance having been financed either in whole or in part by grants from the Exchequer or the Commission;

“the rating authorities” means the rating authorities in the Metropolitan County of West Midlands;

“the Residuary Body” means the West Midlands Residuary Body;

“transferred capital receipts” means monies described in paragraph (2)(b).

(2) For the purposes of section 77 of the 1985 Act and this order, except article 9 “capital money” means—

(a) money received by the Residuary Body—

(i) from the disposal of land or other property by that Body; and

(ii) by way of repayments of grants and advances of a capital nature; and

(b) such amount of the monies vested in the Residuary Body on the abolition date by virtue of section 62 of the 1985 Act as equals the amount shown in the accounts of the abolished council for the financial year ended 31st March 1986, made up and balanced in accordance with regulation 6 of the Accounts and Audit Regulations 1983 (a), as attributable to sums received by that council from the disposal of land or other property and by way of repayment of grants and advances of a capital nature which remained unapplied immediately before 1st April 1986.

PART II

Interpretation

3. In this Part—

“distributable capital money” means an amount equal to the direct capital receipts of the Residuary Body in the financial year in question other than repayments of advances of a capital nature, less—

(a) the amount payable in that year by way of reimbursable capital money;

(b) the expenditure incurred by that Body in that year for facilitating the disposal of any land or other property; and

(a) S.I. 1983/1761.

- (c) an amount equal to the amount of non-reckonable capital money applied in that year;

“first appropriate percentage” and “second appropriate percentage” mean the percentage indicated in the Schedule to this order as applicable to each rating authority in question.

Distribution of capital money

4.—(1) The Residuary Body shall pay to each rating authority in respect of the financial year ending 31st March 1987—

- (a) if the aggregate amount of the distributable capital money for that year and the transferred capital receipts other than police receipts does not exceed £3 million, the first appropriate percentage of that aggregate amount; or
- (b) if that aggregate amount is greater than £3 million,
 - (i) the first appropriate percentage of £3 million, and
 - (ii) the second appropriate percentage of the balance.

(2) The Residuary Body shall pay the police receipts to the West Midlands Metropolitan Police Authority.

(3) In each financial year commencing with the financial year beginning 1st April 1987, the Residuary Body shall pay to each rating authority the second appropriate percentage of the distributable capital money for that year.

PART III

Interpretation

5. In this Part—

“first appropriate percentage” and “second appropriate percentage” shall be construed in accordance with article 3;

“net capital residue” means an amount equal to the direct capital receipts of the Residuary Body in the financial year in question other than—

- (a) from the disposal by that Body of land and other property purchased by that Body; and
- (b) by way of repayments of grants and advances of a capital nature in respect of—
 - (i) grants or advances made by that Body; and
 - (ii) grants or advances made to authorities to whom Part VIII of the 1980 Act applies or to Passenger Transport Executives,

less the aggregate of—

- (a) the amount payable in that year by way of reimbursable capital money; and
- (b) the amount of non-reckonable capital money applied in that year;

“relevant proportion” means the proportion which the amount distributed in accordance with article 4 to the rating authority in respect of the financial year in question bears to the distributable capital money for that year or, in respect of the financial year ending 31st March 1987, the aggregate amount referred to in article 4(1).

Additions to net capital receipts

6.—(1) For the purposes of section 72(3) of the 1980 Act, the net capital receipts of each rating authority for the financial year beginning 1st April 1986 shall be treated as if they included the relevant proportion of—

- (a) the amount which, but for the 1985 Act, would have been carried forward by the abolished council on that date as the balance of its capital receipts for the purposes of Part VIII of the 1980 Act; and
- (b) the net capital residue.

(2) For the purpose of the said section 72(3), the net capital receipts of each rating authority for each financial year commencing with the financial year beginning 1st April 1987 shall be treated as if they included the relevant proportion of the net capital residue.

(3) Regulations under sections 72(3)(d) and 75 of the 1980 Act apply in relation to amounts to be included in the net capital receipts of any rating authority by virtue of this article as they apply to other receipts of the authority.

PART IV

Administrative arrangements—notifications

7.—(1) Subject to paragraph (2), on or before 30th June and on or before 31st December in each financial year, the Residuary Body shall notify each rating authority of its estimate and revised estimate, respectively, of—

- (a) the amounts of capital money to be received in the current and next succeeding financial years;
- (b) the amounts to be paid to that authority in those years in accordance with this order;
- (c) the amounts which, in accordance with article 6, are to be treated as included in the authority's net capital receipts for those years; and
- (d) the classes of disposals and repayments to which the amounts referred to in subparagraph (c) relate.

(2) In relation to the financial year ending 31st March 1987, paragraph (1) shall have effect with the omission of any reference to 30th June and revised estimates.

(3) On or before 30th June in each financial year commencing with the financial year beginning 1st April 1987, the Residuary Body shall notify each rating authority of the actual amount which, in accordance with article 6, is to be treated as included in the authority's net capital receipts in respect of the previous financial year and shall indicate the classes of disposals and repayments to which that amount relates.

(4) At the same time as it notifies an authority of any of the matters referred to in paragraphs (1) and (3), the Residuary Body shall send a copy of the notification to the Secretary of State.

(5) For the purposes of paragraphs (1) and (3), disposals and repayments shall be classified in accordance with Schedule 1 to the Local Government (Prescribed Expenditure) Regulations 1983 (a).

Administrative arrangements—distribution of capital money

8.—(1) The payment required by article 4(2) shall be made no later than 28 days after the date upon which the accounts of the abolished council are made up and balanced in accordance with the Accounts and Audit Regulations 1983 or 14 days after this order comes into operation, whichever is the later.

(2) Within seven days of making any payment in accordance with article 4(2), the Residuary Body shall notify the Secretary of State of the amount paid.

(3) The Residuary Body shall use its best endeavours to secure that payments required by article 4(1) and (3) are made on or before the last day of the financial year in question. Any part of a payment not so made (“the residual amount”) shall be paid no later than 30th June in the next financial year.

(4) Residual amounts shall be deemed to vest in the rating authority entitled to them on the last day of the financial year in question and shall thereafter be regarded as interest-free loans to the Residuary Body by the relevant rating authorities.

(5) On or before 1st July in each financial year commencing with the financial year beginning 1st April 1987, the Residuary Body shall notify the Secretary of State of the amounts paid in respect of the preceding financial year by virtue of article 4(1) and (3).

Application of capital money

9. Money received by an authority by virtue of this order shall be applied for any purpose for which capital money received by a local authority on the disposal of land under Part VII of the Local Government Act 1972 (b) may properly be applied.

SCHEDULE

Article 3

<i>Name of authority</i>	<i>First appropriate percentage</i>	<i>Second appropriate percentage</i>
Birmingham City Council	53.3	38.1
Coventry City Council	6.6	11.9
Dudley Metropolitan Borough Council	3.4	11.4
Sandwell Metropolitan Borough Council	3.4	11.5
Solihull Metropolitan Borough Council	26.5	7.5
Walsall Metropolitan Borough Council	3.4	10.0
Wolverhampton Metropolitan Borough Council	3.4	9.6

(a) S.I. 1983/296; Schedule 1 was substituted by S.I. 1985/257.

(b) 1972 c.70.

Nicholas Ridley,
Secretary of State
for the Environment.

2nd December 1986.

EXPLANATORY NOTE

(This note is not part of the order.)

This order is concerned with the distribution of capital receipts by the West Midlands Residuary Body to authorities in the Metropolitan County of West Midlands following the abolition of the West Midlands Metropolitan County Council: and with the enhancement of capital spending power under Part VIII of the Local Government, Planning and Land Act 1980 on account of such receipts.

Part I of the order defines terms used in the order. In particular, "capital money" is defined for the purposes of section 77 of the Local Government Act 1985 and the order.

Part II of the order provides for the distribution, in cash, of the unapplied capital receipts of the abolished council. Those receipts which are attributable to the functions of the abolished council as a police authority pass to the West Midlands Metropolitan Police Authority. Other receipts of the abolished council and receipts of the Residuary Body from the disposal of land or other property inherited from the abolished council are to be passed on to the rating authorities with some deductions. These deductions will reflect expenditure by the Residuary Body on facilitating property disposals and on making statutory compensation payments and payments to the Exchequer or the European Commission by way of reimbursement of grant. The distribution of the receipts is to be on a percentage basis but the percentage will alter once the total of the receipts available for distribution has exceeded £3 million.

Part III provides for notional additions to the net capital receipts of the rating authorities for the purposes of section 72(3) of the 1980 Act, to authorise further capital expenditure. For the financial year beginning on 1st April 1987 and subsequent years, the additions are equal to the amounts derived from the disposal by the Residuary Body of land and other property which it inherited on abolition and from the repayment to it of certain grants and advances of a capital nature. For the financial year 1986/87, the additions also include amounts based on the capital receipts of the abolished council which had not been used prior to 1st April 1986.

Part IV of the order requires the Residuary Body to notify the rating authorities and the Secretary of State of the amounts, both notional and actual, which are likely to be available for distribution and which are, in fact, distributed. The Residuary Body is required to use its best endeavours to secure that payments are made on or before the last day of the financial year in question. To the extent that payments are not so made, they are treated as interest-free loans from the rating authority to the Residuary Body.

Authorities who receive money under the order are required to use it for purposes for which they may use capital money which they have received on the disposal of land under Part VII of the Local Government Act 1972.

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