

1989 No. 255

**LOCAL GOVERNMENT, ENGLAND AND WALES
LONDON GOVERNMENT**

**The Local Government Reorganisation (Capital Money)
(Greater London) Order 1989**

Made - - - - - *24th February 1989*

Laid before Parliament *3rd March 1989*

Coming into force *1st April 1989*

The Secretary of State for the Environment, in exercise of the powers conferred upon him by sections 49, 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) (Greater London) Order 1989 and shall come into force on 1st April 1989.

Interpretation

2.—(1) In this Order -

“the abolished council” means the Greater London Council;

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

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

“the 1988 Order” means the Local Government Reorganisation (Capital Money) (Greater London) Order 1988(c);

“capitalised subsidies” means the money described in paragraph (2)(b) below;

“compensation payments” means any payment made under Part VI of the Employment Protection (Consolidation) Act 1978(d), by section 1 of the Pensions (Increase) Act 1971(e) or by any order under section 2 of that Act or section 59 of the Social Security Pensions Act 1975(f), the Local Government Reorganisation (Compensation) Regulations 1986(g) or the Local Government Reorganisation (Reduction of Redundancy Payments Cases) Scheme 1986(h) or made in satisfaction of contractual rights saved by section 53 of the 1985 Act, but excluding any part of any such payment which is recoverable from any person other than the recipient; and includes such administrative expenses of the Residuary Body as are properly attributable to such payments;

(a) 1985 c.51. (b) 1980 c.65. (c) S.I. 1988/359, amended by S.I. 1988/2202. (d) 1978 c.44. (e) 1971 c.56; section 2 was repealed by section 65(3) of the Social Security Pensions Act 1975 but without prejudice to any existing order made under section 2. (f) 1975 c.60. (g) S.I. 1986/151. (h) Made under section 59(3) of the Local Government Act 1985.

“County Hall” means the buildings previously owned by the abolished council and known as the Main Building, the North Block, the South Block, the Island Block and the Addington Street Annexe, all ancillary service areas and car parks and the bridge which links the Island and South Blocks;

“direct capital receipts” means the money described in paragraph (2)(a) below;

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

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

“relevant land” means any land other than –

(a) land held as an investment of a superannuation fund maintained under regulation made under section 7 of the Superannuation Act 1972(a); and

(b) land in respect of which the Residuary Body is the mortgagee;

“the rating authorities” means the rating authorities in Greater London other than the Temples;

“the Residuary Body” means the London Residuary Body.

(2) For the purposes of section 77 of the 1985 Act and this Order, except article 8, “capital money” means –

(a) money received by the Residuary Body which is attributable to the disposal of relevant land or other property by that Body;

(b) such amount of any money paid by the Secretary of State to the Residuary Body pursuant to section 64(2) (commutation of housing payments) of the 1985 Act as is –

(i) attributable to any entitlement of the abolished council by virtue of section 245 (contributions towards environmental works in housing action areas), section 259 (contributions towards works, etc. in general improvement areas) or section 516 (contributions towards grants for works of improvement, repair and conversion) of the Housing Act 1985(b) or Schedule 19 to that Act (contributions under section 36 of the Housing (Financial Provisions) Act 1958 and section 16 of the Housing Act 1969); and

(ii) referable to the financial year beginning 1st April 1989 or any subsequent year; and

(c) an amount of the Residuary Body’s revenue balances equal to the amount specified in article 3(1).

PART II

Inner London Education Authority

3.—(1) On 3rd April 1989 the Residuary Body shall set aside from its revenue balances the sum of £1,105,188.

(2) On 4th April 1989 the Residuary Body shall pay that sum to the Inner London Education Authority.

Distribution of other capital money

4.—(1) On or before 31st March 1990 the Residuary Body shall pay to each rating authority an amount which shall be determined in accordance with Schedule 1 to this Order.

(2) In respect of each financial year commencing with the financial year beginning 1st April 1989 the Residuary Body shall pay to each rating authority an amount which shall be determined in accordance with Schedule 2.

(a) 1972 c.11. (b) 1985 c.68; sections 245, 259 and 516 are re-enactments of section 46 of the Housing Act 1974 (c.44), section 37 of the Housing Act 1969 (c.33) and section 78 of the Housing Act 1974 which applied to the Greater London Council. See section 2 of the Housing (Consequential Provisions) Act 1985 (c.71) for the construction of references to earlier provisions.

PART III

Additions to net capital receipts

5.—(1) For the purposes of section 72(3) of the 1980 Act, each rating authority's net capital receipts for each financial year commencing with the financial year beginning 1st April 1989 shall be treated as if they included 30% of the amount of distributable capital money paid to, or deemed to have vested in, that authority in that year.

(2) For the purposes of paragraph (1), "distributable capital money" shall be construed in accordance with paragraph 1 of Schedule 2.

PART IV

Administrative arrangements – notifications

6.—(1) On or before 31st October in each financial year commencing with the financial year beginning 1st April 1989 the Residuary Body shall notify each rating authority of its estimate of –

- (a) the amounts of direct capital receipts, other than amounts attributable to the disposal of the whole or any part of County Hall, to be received in the current and next succeeding financial years; and
- (b) the amount to be paid to that authority in those years in accordance with article 4(2) of this Order.

(2) At the same time as it notifies an authority of either of the matters referred to in paragraph (1) the Residuary Body shall send a copy of such notification to the Secretary of State.

Administrative arrangements – distribution of capital money

7.—(1) Within seven days of making any payment required by article 4(1) or (2), the Residuary Body shall notify the Secretary of State of the amount paid.

(2) The Residuary Body shall use its best endeavours to secure that payments required by article 4(2) 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.

(3) 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.

Application of capital money

8.—(1) The sum referred to in article 3 shall be carried to the general fund kept by the Inner London Education Authority in accordance with section 72(1) of the 1985 Act.

(2) Money received by a rating authority by virtue of article 4(1) shall be applied for the repayment of money borrowed by the authority (but not to make any annual payment which the authority is required to make in respect of such money).

(3) Money received by a rating authority by virtue of article 4(2) 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(a) may properly be applied.

(a) 1972 c.70.

PART V

Revocation and savings

9.—(1) Subject to paragraphs (2) to (4), the 1988 Order is hereby revoked.

(2) Paragraphs (2) and (3) of article 6 of the 1988 Order shall continue to have effect in their application to amounts determined by the Residuary Body for the financial year ended 31st March 1989.

(3) Paragraphs (2) to (4) of article 7 and paragraph (2) of article 8 of the 1988 Order shall continue to have effect in their application to residual amounts required to be paid by the Residuary Body and money received by a rating authority, respectively, for the financial year ended 31st March 1989.

(4) Paragraphs (2) and (3) of this article shall cease to have effect on 2nd July 1989.

24th February 1989

Nicholas Ridley
Secretary of State for the Environment

SCHEDULE 1

Article 4(1)

DISTRIBUTION OF CAPITALISED SUBSIDIES

1. The amount to be distributed to each rating authority shall be determined by applying the formula –

$$\frac{AB}{C} \text{ where –}$$

A is an amount equal to the amount of capitalised subsidies received by the Residuary Body in the financial year ending 31st March 1990;

B equals the population of the area of the rating authority in question; and

C equals the population of the area of all the rating authorities.

2. For the purposes of paragraph 1 the population of an area shall be taken to be the number estimated by the Registrar General and certified by him to the Secretary of State by reference to 30th June 1984.

SCHEDULE 2

Article 4(2)

DISTRIBUTION OF DIRECT CAPITAL RECEIPTS

PART I

INTERPRETATION

1. In this Schedule –

“distributable capital money” means the direct capital receipts of the Residuary Body in the financial year in question less the amount of such receipts –

(a) applied by that Body in that year –

(i) by way of advances of a capital nature;

(ii) by way of payments to Thamesmead Town in accordance with the provisions of an agreement dated 27th July 1987 and made between that Body and Thamesmead Town;

(iii) in facilitating the disposal of other property and relevant land;

(iv) in making compensation payments;

(v) in making repayments of grants (other than rate support grant) or subsidy to the Exchequer or to the European Commission;

(b) which is attributable to the disposal of the whole or any part of County Hall,

except that, in respect of the financial year ending 31st March 1990, the direct capital receipts for that year shall be treated as augmented by the sum of £40,933,000.

2. The reference in paragraph 1(a)(iii) to facilitating the disposal of property includes a reference to receipts applied in maintaining, managing and improving the property save that, in the case of relevant land which includes or comprises a building or other structure, it includes the application of such receipts only so far as is attributable to wholly unoccupied property or the unoccupied part of partially occupied property.

3. For the purposes of this Schedule, the population of the area of a rating authority shall be taken to be the number estimated by the Registrar General and certified by him to the Secretary of State by reference to the 30th June which falls 21 months before the beginning of the financial year in question.

PART II

FORMULA FOR THE PURPOSES OF ARTICLE 4(2)

4. Subject to paragraph 5, the amount to be distributed to each rating authority shall be determined by applying the formula –

$$\frac{RS}{T} \text{ where –}$$

R is an amount equal to the distributable capital money for the financial year in question;

S equals the population of the area of the rating authority in question; and

T equals the population of the area of all the rating authorities.

5. In respect of the financial year ending 31st March 1990 the formula specified in paragraph 4 shall apply only to so much of the distributable capital money for that year as exceeds £10 millions; and the sum of £10 millions shall be apportioned among the councils of the inner London boroughs in accordance with Schedule 3.

SCHEDULE 3

Schedule 2

APPORTIONMENT AMONG COUNCILS OF INNER LONDON BOROUGHS

<i>London Borough Council</i>	<i>Apportionment (%)</i>
Camden	7.2
Greenwich	12.2
Hackney	8.2
Hammersmith and Fulham	5.7
Islington	7.4
Kensington and Chelsea	3.7
Lambeth	9.2
Lewisham	10.8
Southwark	10.2
Tower Hamlets	9.8
Wandsworth	9.8
Westminster	5.8

EXPLANATORY NOTE

(This note is not part of the Order)

This Order re-enacts, with amendments, the Local Government Reorganisation (Capital Money) (Greater London) Order 1988.

The Order is concerned with the distribution of capital receipts and certain other money by the London Residuary Body to rating authorities in Greater London (other than the Temples); 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. It also provides for the transfer to the Inner London Education Authority of £1,105,188.

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.

In Part II, article 3 is concerned with the payment to the Inner London Education Authority mentioned above.

Article 4(1) provides for the distribution to the rating authorities, in accordance with the formula in Schedule 1 to the Order, of an amount which represents the capitalised value of the Greater London Council's entitlement to payments from the Exchequer in respect of certain housing grants.

Article 4(2) provides that receipts of the Residuary Body from the disposal of certain land and other property are to be passed to the rating authorities in accordance with the formula in Schedule 2 to the Order. The formula permits the Residuary Body to retain amounts which reflect its expenditure on making payments to Thamesmead Town, on facilitating disposals, on making compensation payments and capital advances and on repaying grants made by the Exchequer or the European Commission. The Residuary Body is also required to retain the amount of any receipts attributable to the disposal of the whole or part of County Hall. For the financial year 1989/90 only, £10 millions is to be distributed among the councils of the inner London boroughs in the proportions listed in Schedule 3 to the Order.

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. The additions are of 30% of the amounts received in cash.

In Part IV of the Order articles 6 and 7(1) and (4) require the Residuary Body to make certain notifications about payments. By article 7(2) the Residuary Body is required to use its best endeavours to secure that payments to the rating authorities under article 4(2) 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 authorities to the Residuary Body.

The money received by the Inner London Education Authority by virtue of article 3 of the Order is to be carried to its general fund. The rating authorities may use money received by virtue of article 4(1) only for the repayment of debt. Money received by virtue of article 4(2) may be used only for purposes for which the authorities may use capital money which they have received on the disposal of land under Part VII of the Local Government Act 1972.

Part V revokes the 1988 Order with certain limited savings.

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