
STATUTORY INSTRUMENTS

1991 No. 501

LOCAL GOVERNMENT, ENGLAND AND WALES

The Local Authorities (Capital Finance) (Approved Investments) (Amendment) Regulations 1991

<i>Made</i>	- - - -	<i>7th March 1991</i>
<i>Laid before Parliament</i>		<i>11th March 1991</i>
<i>Coming into force</i>	- -	<i>1st April 1991</i>

The Secretary of State for the Environment, as respects England, and the Secretary of State for Wales, as respects Wales, in exercise of the powers conferred on them by sections 66(1)(a) and 190(1) of the Local Government and Housing Act 1989(1) and of all other powers enabling them in that behalf, hereby make the following Regulations:

1. These Regulations may be cited as the Local Authorities (Capital Finance) (Approved Investments) (Amendment) Regulations 1991 and shall come into force on 1st April 1991.

2. The Local Authorities (Capital Finance) (Approved Investments) Regulations 1990(2) shall be amended as follows—

(a) for regulation 3 there shall be substituted the following regulation—

“3.—(1) Any investment mentioned in regulation 2 shall be approved for the purposes of Part IV of the Local Government and Housing Act 1989 in relation to the local authority making the investment only if—

- (a) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
- (b) any consideration received by the authority in respect of the investment is wholly in money paid to the authority; and
- (c) in the case of the investments mentioned in paragraphs (b) to (d) and (i) of regulation 2, other than deposits made with the Bank of England or certificates of such deposits, either paragraph (2) or paragraph (3) below applies.

(2) This paragraph applies where the local authority making the investment may require it to be repaid or redeemed—

- (i) without notice by the authority;

(1) 1989 c. 42.
(2) S.I.1990/426

- (ii) at less than twelve months' notice by the authority; or
 - (iii) within twelve months of the date on which the investment was made.
- (3) This paragraph applies where—
 - (a) the local authority making the investment may require it to be repaid or redeemed—
 - (i) at less than five years' notice by the authority; or
 - (ii) within five years of the date on which the investment was made; and
 - (b) the making of the investment by the authority does not cause the total value of the authority's longer-term investments in or with any one person to exceed 25 per cent. of the value of all their longer-term investments at the time the investment is made; and
 - (c) the authority making the investment—
 - (i) at the beginning of the financial year in which the investment is made, have a credit ceiling, as determined under Part III of Schedule 3 to the Local Government and Housing Act 1989, which is nil or a negative amount; and
 - (ii) at the time the investment is made, have no money outstanding by way of borrowing other than short-term borrowing (within the meaning of section 45(6) of the Local Government and Housing Act 1989) or borrowing which was undertaken under section 5 of the City of London (Various Powers) Act 1924.
- (4) In paragraph (3) above, "longer-term investment" means any investment —
 - (a) which is mentioned in paragraphs (b) to (d) and (i) of regulation 2, other than deposits made with the Bank of England or certificates of such deposits; and
 - (b) which the authority are not entitled to require to be repaid or redeemed—
 - (i) without notice by the authority; or
 - (ii) at less than twelve months' notice by the authority; or
 - (iii) within twelve months of the date on which the investment was made.”(3);
- (b) at the end of Part I of the Schedule there shall be added—
 - “13. The European Bank for Reconstruction and Development.”; and
- (c) at the end of Part II of the Schedule there shall be added—
 - “25. Nuclear Electric PLC.
 - 26. Scottish Nuclear Limited.
 - 27. The United Kingdom Atomic Energy Authority.”.

28th February 1991

Michael Heseltine
Secretary of State for the Environment

7th March 1991

David Hunt
Secretary of State for Wales

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Authorities (Capital Finance) (Approved Investments) Regulations 1990, which contain a list of investments approved by the Secretary of State for the purposes of Part IV of the Local Government and Housing Act 1989 (revenue accounts and capital finance of local authorities).

The principal amendment provides for longer-term investments, subject to certain limits, to be approved investments in the case of authorities which have a nil or negative credit ceiling and no outstanding debt other than short-term borrowing.

Additions are also made to the lists in the Schedule to the 1990 Regulations. The European Bank for Reconstruction and Development is added to the bodies whose listed securities are approved investments. Nuclear Electric PLC, Scottish Nuclear Limited and the United Kingdom Atomic Energy Authority are included among the persons and bodies mentioned in Part II of the Schedule so that advances to them and loan instruments issued by or to them are approved investments.