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STATUTORY INSTRUMENTS

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**1991 No. 551**

**LOCAL GOVERNMENT, ENGLAND AND WALES**

**The Local Authorities (Borrowing)  
(Amendment) Regulations 1991**

<i>Made</i>	- - - -	<i>11th 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 43(5) and 190 of the Local Government and Housing Act 1989(1) and of all other powers enabling them in that behalf, with the consent of the Treasury, hereby make the following Regulations:

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

2. In these Regulations, “the principal Regulations” means the Local Authorities (Borrowing) Regulations 1990(2).

3. Regulation 4(3)(a) of the principal Regulations is hereby amended by the substitution, for “the Schedule” of “Schedule 1”.

4. Regulation 7 of the principal Regulations is hereby amended as follows—

(a) for paragraph (7), substitute—

“(7) A local authority shall not issue sterling commercial paper or a sterling medium term note unless either—

(a) the authority have—

(i) issued debt securities some or all of which are included in the Official List of The Stock Exchange; and

(ii) complied with their obligations under the listing rules in respect of their listed debt securities and, since the last publication in compliance with the listing rules of information about the authority, the authority, having made all reasonable enquiries, have not become aware of any change in their circumstances which could reasonably be regarded as significantly and adversely affecting their ability to meet their obligations in respect of

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(1) 1989 c. 42.

(2) S.I.1990/767, amended by S.I. 1990/1091.

sterling commercial paper or sterling medium term notes as the obligations fall due; or

(b) in a case to which subparagraph (a)(i) above does not apply, the authority have complied with the requirements of Schedule 2 to these Regulations, and in either case, the requirements of paragraph (8) below are complied with.”;

(b) in paragraph (8)—

(i) in subparagraph (a), omit the words “and provided the Bank with a detailed description of the purposes for which the proceeds of the issue would be used”; and

(ii) in subparagraph (b)(i) omit the words “and provided the Bank with a detailed description of the purposes for which the proceeds of the programme would be used”;

(c) for paragraph (9)(a) substitute—

“(a) contain a statement—

(i) in a case to which paragraph (7)(a) above applies, that the authority are in compliance with their obligations under the listing rules in respect of their listed debt securities and that, since the last publication in compliance with the listing rules of information about the authority, the authority, having made all reasonable enquiries, have not become aware of any change in their circumstances which could reasonably be regarded as significantly and adversely affecting their ability to meet their obligations in respect of sterling commercial paper or sterling medium term notes as the obligations fall due; or

(ii) in a case to which paragraph (7)(b) above applies, that the authority are in compliance with their obligations under Schedule 2 to these Regulations.”

5. The principal Regulations are hereby amended—

(a) by the substitution, for the heading of the Schedule, of “Schedule 1”; and

(b) by the insertion, as Schedule 2, of the Schedule set out in the Schedule to these Regulations.

28th February 1991

*Michael Heseltine*  
Secretary of State for the Environment

7th March 1991

*David Hunt*  
Secretary of State for Wales

We consent,

11th March 1991

*Sydney Chapman*  
*Irvine Patnick*  
Two of the Lords Commissioners of Her  
Majesty’s Treasury

## SCHEDULE

Regulation 5

Schedule to be inserted as Schedule 2 to the principal Regulations

### “SCHEDULE 2

Regulation 7

Alternative requirements to be complied with by authorities who issue sterling commercial paper or sterling medium term notes.

**1.** In this Schedule—

“relevant date” means the date on which the information specified in paragraph 2 below was first provided by the authority to The Stock Exchange, in accordance with paragraph 4 below;

“relevant deposit” means a deposit accepted on terms involving the issue of any relevant security;

“relevant security” means sterling commercial paper or sterling medium term notes issued by a local authority in a case to which this Schedule applies.

**2.** Not less than 14 days prior to the acceptance of their first relevant deposit, an authority shall provide The Stock Exchange with the following information—

- (a) the name of the authority, the address of their principal office and, if different, the address at which they conduct their financial affairs;
- (b) if the relevant security is guaranteed, the name, address and principal place of business of the guarantor;
- (c) a statement that the authority is one to which Part IV of the Local Government and Housing Act 1989 applies and a specification of the provision by which it applies;
- (d) the names and addresses of the authority’s principal bankers;
- (e) details of any legal or arbitration proceedings pending or threatened against the authority which might have, or might have had during the twelve months prior to the relevant date, a significant effect on the financial position of the authority or, if there were no such proceedings, a statement to that effect;
- (f) the address in the City of London where copies of the documents referred to in paragraph 7 below will be available for inspection;
- (g) the name, address and qualifications of the auditor appointed by the Audit Commission to audit the authority’s accounts for each of the 2 preceding financial years;
- (h) copies of the accounts of the authority for each of the latest 2 financial years for which such information is available, together with any certificate and opinion of the authority’s auditor under section 18 or report under section 15 of the Local Government Finance Act 1982<sup>(3)</sup> as to those accounts or, if there is no such certificate, opinion, or report, a statement that this is the case;
- (i) copies of—
  - (i) any public interest reports made under section 15 of the Local Government Finance Act 1982 by the authority’s auditor (other than those to which subparagraph (h) above applies);
  - (ii) any prohibition orders made by the auditor under section 25A<sup>(4)</sup> of the 1982 Act;

(3) 1982 c. 32; section 18 has been amended by the Local Government (Access to Information) Act 1985 (c. 43), Schedule 2, paragraph 7.

(4) Section 25A was inserted by Schedule 4 to the Local Government Act 1988 (c. 9).

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

- (iii) any reports by the authority's chief finance officer made under section 114 of the Local Government Finance Act 1988<sup>(5)</sup>,  
during the current financial year or the 2 preceding years;
  - (j) details as at the most recent practicable date, which is to be stated, of—
    - (i) the amount of the total referred to in section 44(1) of the Act (amount outstanding of money borrowed and aggregate cost of credit arrangements);
    - (ii) all mortgages and charges;
    - (iii) any contingent liabilities and guarantees,  
of the authority;
  - (k) if the Secretary of State has designated the authority under Part VII of the Local Government Finance Act 1988, as regards the current financial year, a statement that this is the case;
  - (l) the total amount which the authority intend to raise by the current issue of sterling commercial paper and sterling medium term notes respectively;
  - (m) the name and address of any issuing and paying agent for the relevant securities and the name and address of any managing agent, if different;
  - (n) the period after which entitlement to interest or repayment of capital will lapse, or if there is no period after which such entitlement will lapse, a statement to that effect; and
  - (o) details of the procedures for the delivery of the relevant securities to holders (including any applicable time limits) and as to whether temporary documents of title will be issued.
3. Before accepting a further relevant deposit, unless the authority have either—
- (a) provided to The Stock Exchange details of all material changes to the information provided under paragraph 2 above, excluding subparagraphs (g) to (j), as soon as practicable after each such change occurred; or
  - (b) if more than twelve months have elapsed since the relevant date, provided to The Stock Exchange all the information required by paragraph 2 above, at intervals of not more than twelve months,

the authority shall comply with paragraph 2 above, as if such further deposit were their first relevant deposit.

4. The information required by paragraphs 2 and 3 above shall be provided in English to the Primary Markets Division of The Stock Exchange in the form of 3 copies of a document, which, in a case to which paragraph 2 or 3(b) above applies, shall be annotated to indicate where each item of paragraph 2 (or paragraph 2 as applied by paragraph 3(b)) is met.

5. The authority shall provide to The Stock Exchange a certificate by their chief finance officer, within the meaning of section 114 of the Local Government Finance Act 1988, that he is authorised by them to arrange the issue, that the authority accept responsibility for the information provided and that to the best of his knowledge and belief, the information provided is in accordance with the facts and does not omit anything likely to affect the import of such information.

6. The authority shall make arrangements with The Stock Exchange for The Stock Exchange to make available to the public all information provided to The Stock Exchange by the authority under this Schedule and at the date of acceptance of the relevant deposit such arrangements must be in force.

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(5) 1988 c. 41.

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7. The authority shall make available to the public, at an address in the City of London, during normal business hours, for a period beginning on the relevant date and continuing at least until the acceptance of their first relevant deposit, copies of—

- (i) documents containing the information referred to in paragraph 2(a), (c), (h) and (i) above; and
- (ii) any contract directly relating to the issue of the relevant securities.

8. Before accepting a further relevant deposit, unless the authority have made available to the public at the address for the time being provided to The Stock Exchange under paragraph 2(f) above, copies of the material referred to in paragraph 7 as soon as practicable after any such material became available, they shall comply with paragraph 7 above as if such further deposit were their first relevant deposit.”

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Local Authorities (Borrowing) Regulations 1990, which are concerned with local authority borrowing powers.

Section 43 of the Local Government and Housing Act 1989 provides that one of the ways in which local authorities will be able to borrow is by means of loan instruments. The 1990 Regulations make various provisions as to borrowing by means of loan instruments, including sterling commercial paper and sterling medium term notes. These Regulations extend the 1990 Regulations so that local authorities can issue such instruments without a Stock Exchange listing, and set out the terms of issue in such cases. Regulation 4(b) makes a minor change to the general provisions for such instruments in the 1990 Regulations; certain detailed information need no longer be provided to the Bank of England in connection with them.