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STATUTORY INSTRUMENTS

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**1995 No. 2895**

**LOCAL GOVERNMENT, ENGLAND AND WALES**

**The Local Government Changes for England  
(Payments to Designated Authorities) (Minimum  
Revenue Provision) Regulations 1995**

<i>Made</i>	- - - -	<i>9th November 1995</i>
<i>Laid before Parliament</i>		<i>10th November 1995</i>
<i>Coming into force</i>	- -	<i>1st December 1995</i>

The Secretary of State for the Environment, in exercise of the powers conferred on him by sections 19 and 26 of the Local Government Act 1992(1), and of all other powers enabling him in that behalf, hereby makes the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Local Government Changes for England (Payments to Designated Authorities) (Minimum Revenue Provision) Regulations 1995 and shall come into force on 1st December 1995.

**Interpretation**

2.—(1) In these Regulations—

“the 1989 Act” means the Local Government and Housing Act 1989(2);

“the 1990 Regulations” means the Local Authorities (Capital Finance) Regulations 1990(3);

“the 1995 Regulations” means the Local Government Changes for England (Capital Finance) Regulations 1995(4);

“the Property Transfer Regulations” means the Local Government Changes for England (Property Transfer and Transitional Payments) Regulations 1995(5);

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(1) 1992 c. 19.

(2) 1989 c. 42.

(3) S.I. 1990/432; amended by S.I. 1991/500, 1992/738, 1993/520 and 3054 and 1995/850. There are other amendments which are not relevant to these Regulations.

(4) S.I. 1995/798. The Regulations include provisions modifying the 1990 Regulations in relation to local authorities affected by a section 17 order.

(5) S.I. 1995/402; amendments to definitions in these Regulations are made by S.I. 1995/2796.

“the initial year” means the financial year beginning on the reorganisation date:

“housing authority” means a local authority which is required to keep a Housing Revenue Account for the final year; and

“Housing Revenue Account” has the same meaning as in Part VI of the 1989 Act (housing finance).

(2) In these Regulations—

- (a) “abolished authority”, “council tax base”, “the reorganisation date”, “section 17 order”, and “successor authority” have the meanings given by regulation 2(1) of the Property Transfer Regulations;
- (b) “the final year”, “designated authority”, “participant authority” and “the relevant authority” have the meanings given by regulation 13(1) of those Regulations;
- (c) reference to the relinquishing authority in relation to a transferred area shall be construed in accordance with regulation 2(2) of those Regulations; and
- (d) any expression which is also used in Part IV of the 1989 Act (revenue accounts and capital finance of local authorities) has the same meaning as in that Part.

(3) In these Regulations—

- (a) any reference to a modified housing amount or a modified non-housing amount is a reference to such amount as would have been determined as the relevant authority’s housing amount or, as the case may be, non-housing amount for the initial year in accordance with Part II of Schedule 5 to the 1990 Regulations if the section 17 order affecting that authority had not been made and if that authority’s credit ceiling had not, at any time before the reorganisation date, been increased by reason of any use of a credit approval to enter into or agree to the variation of a credit arrangement or reduced by reason of the setting aside of any amount as provision to meet credit liabilities in respect of a credit arrangement; and
- (b) any reference to a modified relevant amount is a reference to an amount determined in accordance with the formula—

$$A - (B - C)$$

where—

A is such amount as would have been determined as the relevant authority’s relevant amount for the initial year in accordance with Part III of Schedule 5 to the 1990 Regulations if the section 17 order affecting that authority had not been made and if that authority’s credit ceiling had not, at any time before the reorganisation date, been increased by reason of any use of a credit approval to enter into or agree to the variation of a credit arrangement or reduced by reason of the setting aside of any amount as provision to meet credit liabilities in respect of a credit arrangement.

B is an amount equal to the amount (if any) which a relevant new police authority (within the meaning of article 11 of the Police and Magistrates' Courts Act 1994 (Commencement No. 5 and Transitional Provisions) Order 1994<sup>(6)</sup>) is deemed to have borrowed from the relevant authority (as a relevant council within the meaning of that article) (“the deemed borrowing”); and

C is the total of any amounts paid, in accordance with that article, by that police authority before the beginning of the initial year to discharge its liability in respect of the deemed borrowing.

(4) In these Regulations—

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(6) S.I. 1994/3262.

“limited approval” has the same meaning as in Part VIII of the 1990 Regulations (minimum revenue provision);

“relevant advance” means any advance which was made, by virtue of a limited approval, before 1st April 1990 from a loans fund established by a relevant authority under paragraph 15 of Schedule 13 to the Local Government Act 1972 (loans and other financial provisions)(7);

“relevant housing advance” means a relevant advance used for any purpose related to land, houses or other property within the relevant authority’s Housing Revenue Account;

“relevant non-housing advance” means a relevant advance other than a relevant housing advance;

“relevant SCA” means a supplementary credit approval which—

- (a) was issued to the relevant authority in respect of expenditure which was treated by that authority as expenditure for capital purposes by virtue only of directions under section 40(6) of the 1989 Act: and
- (b) was used by that authority before the reorganisation date to any extent as mentioned in section 56(3) of that Act;

“relevant housing SCA” means a relevant SCA used for any purpose related to land, houses or other property within the relevant authority’s Housing Revenue Account; and

“relevant non-housing SCA” means a relevant SCA other than a relevant housing SCA.

### **Estimates by abolished authorities**

3.—(1) Subject to paragraph (2) below, an abolished authority in relation to which there are two or more successor authorities shall, on or before 10th December in the final year, supply the designated authority with the following—

- (a) an estimate of the amount of its borrowings which will not have been repaid before the reorganisation date;
- (b) where the abolished authority is a housing authority, estimates of the modified housing amount and modified non-housing amount;
- (c) where the abolished authority is not a housing authority, an estimate of the modified relevant amount; and
- (d) an estimate of the amounts which the abolished authority would have been required to determine for the initial year for the purposes of regulation 26(1)(b) and (c) of the 1990 Regulations if the section 17 order providing for it to be wound up and dissolved on the reorganisation date had not been made.

(2) Amounts shall be estimated for the purposes of paragraph (1) above as if the estimate were being made on the last day of the final year.

(3) The abolished authority shall furnish the designated authority with all such information relating to the estimates made pursuant to paragraph (1) above, or to any other matter, as that authority may reasonably request for the purpose of discharging its functions under these Regulations.

### **Liability of participant authorities to make payments to designated authorities**

4.—(1) This paragraph applies where—

- (a) in a case where the designated authority is a successor authority in relation to an abolished authority, the designated authority, in the initial year, is or, but for regulation 26(7) of the

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(7) 1972 c. 70; paragraphs 1 to 22 of Schedule 13 were repealed by Schedule 12 to the 1989 Act.

1990 Regulations, would be required by virtue of subsection (1) of section 63 of the 1989 Act to set aside from a revenue account as provision to meet credit liabilities an amount which is greater than the amount it would have been required so to set aside by virtue of that subsection if the 1995 Regulations had not been made<sup>(8)</sup>; or

- (b) in a case where the designated authority is the relinquishing authority in relation to a transferred area, that authority, in the initial year, is or, but for that regulation 26(7), would be required by virtue of that regulation to set aside an amount from a revenue account as provision to meet credit liabilities.

(2) Where paragraph (1) above applies and—

- (a) the amount which the designated authority is or would be required to set aside as mentioned in that paragraph includes or, as the case may be, would include one or more amounts determined—
  - (i) for the purposes of sub-paragraph (b) of paragraph (1) of regulation 26 of the 1990 Regulations in respect of relevant housing or, as the case may be, non-housing advances; or
  - (ii) for the purposes of sub-paragraph (c) of that paragraph in respect of relevant housing or, as the case may be, non-housing SCAs; or
- (b) the modified housing amount or modified non-housing amount, or (as the case may be) the modified relevant amount, is a positive amount;

each participant authority shall, unless the designated authority and all the participant authorities otherwise agree, be liable to make payments to the designated authority, in accordance with these Regulations.

(3) Payments by a participant authority pursuant to paragraph (2) above—

- (a) shall be made in respect of such financial years beginning on or after the reorganisation date as that authority and the designated authority may from time to time agree or, in default of such agreement, as the designated authority may determine; and
- (b) shall, in respect of each such financial year (“the current year”), consist of a component in respect of principal for that year and a component in respect of interest for that year (“the relevant components”) calculated by the designated authority in accordance with such method of calculation as may from time to time be agreed by the designated authority and all of the participant authorities or, in default of such agreement, in accordance with the Schedule to these Regulations (“the Schedule”).

### **Calculations of relevant components**

5.—(1) Initial calculations of the amounts of the relevant components for the current year shall be made in relation to each participant authority by the designated authority, and the amounts so calculated shall be notified by that authority to all of the participant authorities, not later than 31st December in the financial year preceding the current year (“the immediately preceding year”).

(2) Further calculations of the amounts of the relevant components for the current year shall be made in relation to each participant authority by the designated authority, and the amounts so calculated shall be notified by that authority to all of the participant authorities, not later than such date or dates as the designated authority and all the participant authorities may from time to time agree or, in default of such agreement, within the periods specified in paragraph (3) below.

(3) The specified periods for the purposes of paragraph (2) above are—

- (a) in the case of the component in respect of principal—

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<sup>(8)</sup> see Part V of the 1995 Regulations.

- (i) in the case of the initial year—
    - (a) two months beginning with the reorganisation date; and
    - (b) two months beginning with the date on which the responsible financial officer signs the statement of accounts prepared in relation to the relevant authority's accounts for the final year<sup>(9)</sup>; and
  - (ii) in every other case, two months beginning with the date on which the responsible financial officer signs the statement of accounts prepared in relation to the designated authority's accounts for the immediately preceding year; and
  - (b) in the case of the component in respect of interest—
    - (i) 21 days beginning with the end of each period of three months beginning on 1st April, 1st July and 1st October in the current year; and
    - (ii) two months beginning with the date on which the responsible financial officer signs the statement of accounts prepared in relation to the designated authority's accounts for the current year.
- (4) Final calculations of the relevant components for the current year shall be made by the designated authority in relation to each participant authority and the amounts so calculated shall be notified by that authority to all of the participant authorities—
- (a) in the case of the component in respect of principal—
    - (i) in the case of the initial year, as soon as reasonably practicable after the relevant date (within the meaning of Part III of the 1995 Regulations); and
    - (ii) in every other case, within two months of the conclusion of the audit of the designated authority's accounts for the immediately preceding year; and
  - (b) in the case of the component in respect of interest, within two months of the conclusion of the audit of the designated authority's accounts for the current year.

### **Making of payments**

6.—(1) Subject to the following provisions of this regulation, the amount of a relevant component for the current year which is payable by a participant authority to the designated authority shall be the amount calculated, from time to time, in relation to the participant authority, and notified, pursuant to regulation 5.

(2) The designated authority may determine that the amount calculated and notified pursuant to regulation 5(1) as the component in respect of principal for the initial year shall be disregarded for the purposes of paragraph (1) above; and any such determination shall be made, and notified to the participant authority, not later than 31st December in the final year.

(3) The amount of a relevant component for the current year which is payable by the participant authority shall be paid—

- (a) in such number of instalments payable on or before such dates as the designated authority and the participant authority may have agreed not later than 10th December in the immediately preceding year; or
- (b) in default of such agreement, such number of instalments payable on or before such dates as the designated authority shall determine in accordance with paragraph (4) below and notify to the participant authority before 31st December in that year.

(4) For the purposes of any determination by the designated authority under paragraph (3) above

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(9) A statement of accounts is prepared in accordance with regulation 7 of the Accounts and Audit Regulations 1983 (S.I. 1983/1761) and is signed pursuant to regulation 13 of those Regulations.

- (a) the number of instalments shall not be less than 10;
  - (b) the date on which the first instalment shall be payable shall not be earlier than—
    - (i) in a case where the designated authority has made a determination under paragraph (2) above, the date which is two weeks after the date of the notification of the first amount calculated as the component in respect of principal for the initial year pursuant to regulation 5(2); and
    - (ii) in any other case, 15th April in the current year;
  - (c) the date on which the last instalment shall be payable shall not be later than 31st March in the current year;
  - (d) there shall, so far as practicable, be an equal number of days between each instalment; and
  - (e) a day which is a Saturday, Sunday or bank holiday shall be excluded for the purposes of the computation of days under sub-paragraph (d) above.
- (5) The amount of any instalment payable by a participant authority shall be such as that authority and the designated authority may from time to time agree or, in default of such agreement, an amount equal to the amount payable by the participant authority under paragraph (1) above but which has not yet been paid, divided by the number of instalments remaining to be paid for the current year.
- (6) This paragraph applies where, after the date on which the last of the instalments agreed or determined as mentioned in paragraph (3) above falls to be paid, the amount of a relevant component for the current year for the time being calculated pursuant to regulation 5(2) or (3) (“the relevant amount”) is greater or less than the amount of that component which was last so calculated (“the previous amount”).
- (7) Where paragraph (6) above applies—
- (a) in a case where the relevant amount is greater than the previous amount, the participant authority shall pay to the designated authority an amount equal to the difference between those amounts; and
  - (b) in a case where the relevant amount is less than the previous amount, the designated authority shall pay to the participant authority an amount equal to the amount by which the previous amount exceeds the relevant amount.
- (8) Any amount payable by a participant authority or the designated authority by virtue of paragraph (7) above shall be paid on or before such date as those authorities may agree or, in default of such agreement, such date (being not less than one month and not more than three months after the date of notification of the relevant amount) as the designated authority may determine.
- (9) Where any payment by a participant authority in respect of the component in respect of principal for the current year is calculated otherwise than in accordance with the Schedule, the authority shall, in relation to the payment, determine amounts (which may be nil) which are attributable to—
- (a) in a case where the relevant authority is a housing authority, each of the modified housing amount, the modified non-housing amount, relevant housing advances, relevant non-housing advances, relevant housing SCAs and relevant non-housing SCAs; and
  - (b) in any other case, each of the modified relevant amount, relevant non-housing advances and relevant non-housing SCAs;
- and the participant authority shall inform the designated authority of the amounts so determined when making the payment.

## Interest

7.—(1) Interest shall be payable on any amount which has become payable by virtue of these Regulations and has not been paid by the date on or before which it is required to be paid (“the due date”).

(2) Interest payable under paragraph (1) above—

(a) shall be calculated in accordance with such method as may have been agreed between the authority by whom and the authority to whom the unpaid amount is payable or, in default of such agreement, shall be simple interest calculated on that amount in respect of the period beginning with the due date and ending with the day before the day on which the amount is paid at a rate equivalent to two per cent above the highest base rate quoted by any of the reference banks at any time during that period; and

(b) shall be paid at the same time as the amount is paid.

(3) For the purposes of paragraph (2) above, the reference banks are the seven largest institutions

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(a) authorised by the Bank of England under the Banking Act 1987(10); and

(b) incorporated in and carrying on a deposit-taking business within the United Kingdom, which quote a base rate in sterling.

(4) For the purposes of paragraph (3) above, the size of an institution is to be determined by reference to its consolidated gross assets denominated in sterling, as shown in its audited end-year accounts last published before the period for which interest is payable begins.

(5) In this regulation—

“amount” includes a reference to an instalment, or any other part, of an amount;

“consolidated gross assets” of an institution is a reference to the gross assets of that institution together with any subsidiary (within the meaning of section 736 of the Companies Act 1985(11)); and

“deposit-taking business” has the meaning given in section 6 of the Banking Act 1987 but subject to any order under section 7 of that Act.

## Voluntary additional payments

8.—(1) Subject to paragraph (2) below, a participant authority may at any time make such additional payments as it thinks fit to the designated authority in respect of amounts payable, or likely to be payable, by virtue of these Regulations in respect of a financial year.

(2) Before making a payment by virtue of paragraph (1) above, the participant authority shall give written notice to the designated authority of not less than such number of days as those authorities may agree or, in default of such agreement, 21 days.

(3) Paragraph (9) of regulation 6 shall apply in relation to a payment made by virtue of paragraph (1) above as it applies in relation to a payment mentioned in that paragraph of that regulation.

## Modification of the 1990 Regulations

9. The 1990 Regulations shall apply in relation to the designated authority or, as the case may be, a participant authority as if—

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(10) 1987 c. 22.

(11) 1985 c. 6.

- (a) in regulation 1 (citation, commencement and interpretation), the following paragraph were inserted after paragraph (2)—
- “(3) In these Regulations, “the Payments to Designated Authorities Regulations” means the Local Government Changes for England (Payments to Designated Authorities) (Minimum Revenue Provision) Regulations 1995.”;
- (b) in regulation 2 (expenditure to be expenditure for capital purposes), the following paragraph were added after paragraph (10)—
- “(11) Expenditure by a local authority in making a payment under regulation 8(1) of the Payments to Designated Authorities Regulations shall be expenditure for capital purposes.”;
- (c) in regulation 12 (sums to be capital receipts), the following were added after paragraph (d) —
- “and
- (e) any sum received by a local authority which is paid by another local authority under regulation 8(1) of the Payments to Designated Authorities Regulations”;
- (d) in regulation 26 (minimum revenue provision for subsequent financial years) the following paragraph were added after paragraph (7)—
- “(7A) In relation to a local authority which is a designated authority for the purposes of the Payments to Designated Authorities Regulations, A in the formula in paragraph (7) above shall be reduced by the amount (if any) by which any component in respect of principal calculated for the financial year concerned in accordance with paragraph 2 of the Schedule to those Regulations is reduced by virtue of paragraph 3 of that Schedule.”; and
- (e) in Part I of Schedule 1 (reserved part of capital receipts: England and Wales), after paragraph 5B there were added, in column (1), “5C. Sums which are capital receipts by virtue of regulation 12(e).” and, in column (2), “100%percent.”;

### **Supply of information by designated authority**

**10.**—(1) A participant authority may, at any time, request the designated authority to supply such information (including estimates) relating to any of the matters mentioned in paragraph (2) below as may be specified in the request; and, the designated authority shall, as soon as is reasonably practicable, supply the information.

- (2) The matters referred to in paragraph (1) above are—
- (a) any calculations made by the designated authority pursuant to these Regulations in relation to any of the participant authorities; and
- (b) any amounts which are, by virtue of these Regulations, payable or likely to be payable by the participant authority in respect of any financial year.

### **Disputes**

**11.**—(1) Any question as to the interpretation or application of any provision of these Regulations may be determined by a person agreed on by the parties concerned or, in default of their agreement, appointed by the Secretary of State; and where any difference arises between the designated authority and a participant authority in relation to any determination or calculation made by the designated authority pursuant to these Regulations, that difference shall be determined by such a person.

(2) Section 31 of the Arbitration Act 1950(12) shall have effect for the purposes of a determination under this regulation by any person mentioned in paragraph (1) above as if such a determination were an arbitration under any other Act within the meaning of that section.

Signed by authority of the Secretary of State for the Environment

9th November 1995

*David Curry*  
Minister of State,  
Department of the Environment

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(12) 1950 c. 27; section 31 was amended by section 8(2) of the Arbitration Act 1975 (c. 3).

## SCHEDULE

Regulation 4(3)

## CALCULATION OF RELEVANT COMPONENTS

## PART I

## INTERPRETATION

## 1.—(1) In this Schedule—

“commutation adjustment” means the amount of a commutation adjustment determined in accordance with Part III of Schedule 6 to the 1990 Regulations;

“HRA dwellings” means dwellings in respect of which sums fall to be credited or debited to a Housing Revenue Account;

“housing proportion” means such proportion as the designated authority and the participant authority may agree or, in default of such agreement—

- (a) in a case where HRA dwellings were vested in the relevant authority immediately before the reorganisation date, the proportion which the number of the dwellings (if any) transferred from that authority to the participant authority bears to the total number of HRA dwellings vested in the relevant authority immediately before that date; or
- (b) in a case where no HRA dwellings were so vested, the proportion determined in accordance with the formula—

$$\frac{ct}{CT}$$

“non-housing proportion” means such proportion as the designated authority and the participant authority may agree or, in default of such agreement, the proportion determined in accordance with that formula—

where—

CT is the amount calculated by the relevant authority as its council tax base for the final year; and

ct is the designated authority’s estimate of so much of that amount as relates to any area which, immediately before the reorganisation date, was the whole or part of the relevant authority’s area and which, on and after that date, is the whole or part of the participant authority’s area (whether or not it was also the whole or part of that authority’s area immediately before that date); and

“transferred” has the same meaning as in the Schedule to the Property Transfer Regulations.

(2) For the purposes of any calculation in accordance with this Schedule, any reference to an amount includes, where that amount has not yet been ascertained, a reference to the designated authority’s estimate of the amount.

## PART II

## COMPONENT IN RESPECT OF PRINCIPAL

2. Subject to paragraphs 3 and 4 below, the amount of the component in respect of principal for the current year shall be the aggregate of—

- (a) where the amount which the designated authority is, or would be, required to set aside as mentioned in regulation 4(1) includes or, as the case may be, would include one or more

amounts determined as mentioned in regulation 4(2)(a), the amount or amounts calculated in accordance with the formula—

$E \times F$ ; or

- (b) where one or more of the amounts mentioned in regulation 4(2)(b) is a positive amount, the amount or amounts calculated in accordance with the formula—

$((G \times H) - J) \times K$ ;

where—

E is, as the case may be—

- (i) an amount determined by the designated authority for the current year for the purposes of sub-paragraph (b) of paragraph (1) of regulation 26 of the 1990 Regulations in respect of any relevant housing advances or, as the case may be, relevant non-housing advances; or
- (ii) an amount determined by the designated authority for the current year for the purposes of sub-paragraph (c) of paragraph (1) of regulation 26 of the 1990 Regulations in respect of any relevant housing SCAs or, as the case may be, relevant non-housing SCAs;

F is, as the case may be—

- (i) where item E is an amount determined in respect of relevant housing advances or, as the case may be, relevant housing SCAs, the housing proportion; or
- (ii) where item E is an amount in respect of relevant non-housing advances or, as the case may be, relevant non-housing SCAs, the non-housing proportion;

G is, as the case may be—

- (i) the modified housing amount;
- (ii) the modified non-housing amount; or
- (iii) the modified relevant amount;

H is—

- (i) where item G is the modified housing amount, the housing proportion; and
- (ii) where item G is the modified non-housing amount or the modified relevant amount, the non-housing proportion;

J is an amount equal to so much of the total of any amounts payable by the participant authority in accordance with regulation 6 as the component in respect of principal for any financial year preceding the current year, and any amounts paid in respect of that component by that authority in any such year in accordance with regulation 8, as that authority and the designated authority agree to be attributable to, as the case may be—

- (i) the modified housing amount;
- (ii) the modified non-housing amount; or
- (iii) the modified relevant amount;

or, in default of such agreement, as the designated authority determines to be so attributable; and

K is—

- (i) where item G is the modified housing amount, 2%percnt; and

- (ii) where item G is the modified non-housing amount or the modified relevant amount, 4%percnt;.

3. Where, for the current year, the amount in respect of principal for the purposes of paragraph 15(1)(a) of Schedule 3 to the 1989 Act falls to be determined in relation to the designated authority in accordance with regulation 26(7) of the 1990 Regulations, the amount of the component in respect of principal calculated for that year in accordance with paragraph 2 above shall be reduced by such amount in respect of the designated authority's commutation adjustment in respect of that year as the designated authority and the participant authority may agree or, in default of such agreement, as the designated authority may determine.

4. Where the designated authority is a successor authority in relation to an abolished authority, the reference in paragraph 3 above to the designated authority's commutation adjustment is a reference to so much of that commutation adjustment, if any, as is attributable to the amount which would have been the commutation adjustment of the abolished authority if the section 17 order providing for that authority to be wound up and dissolved on the reorganisation date had not been made(13).

### PART III

#### COMPONENT IN RESPECT OF INTEREST

5. The amount of the component in respect of interest for the current year shall be the aggregate of—

- (a) where the amount which the designated authority is, or would be, required to set aside as mentioned in regulation 4(1) includes or, as the case may be, would include one or more amounts determined as mentioned in regulation 4(2)(a), the amount or amounts calculated in accordance with the formula—

$$((L \times M) - N) \times P$$

- (b) where one or more of the amounts mentioned in regulation 4(2)(b) is a positive amount, the amount or amounts calculated in accordance with the formula—

$$((G \times H) - (J + Q)) \times P$$

where—

G, H and J have the same meaning as in paragraph 2 above

L is, as the case may be—

- (i) an amount equal to the total of any amounts determined by the designated authority for the current year and for subsequent financial years for the purposes of sub-paragraph (b) of paragraph (1) of regulation 26 of the 1990 Regulations in respect of any relevant housing advances or, as the case may be, non-housing advances; or
- (ii) an amount equal to the total of any amounts determined by the designated authority for the current year and for subsequent financial years for the purposes of sub-paragraph (c) of paragraph (1) of regulation 26 of the 1990 Regulations in respect of any relevant housing SCAs or, as the case may be, relevant non-housing SCAs;

M is, as the case may be—

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(13) Part VI of the 1995 Regulations makes provision for the commutation adjustments of a designated authority which is a successor authority in relation to an abolished authority.

- (i) where item L is an amount determined in respect of relevant housing advances or, as the case may be, relevant housing SCAs, the housing proportion; or
- (ii) where item L is an amount in respect of relevant non-housing advances or, as the case may be, relevant non-housing SCAs, the non-housing proportion;

N is an amount equal to one-half of so much of the amount payable by the participant authority in accordance with regulation 6 as the component in respect of principal for the current year as that authority and the designated authority agree to be attributable to, as the case may be—

- (i) relevant housing advances or non-housing advances; or
- (ii) relevant housing SCAs or non-housing SCAs;

or, in default of such agreement, as the designated authority determines to be so attributable;

P is such percentage as the designated authority and the participant authority agree in respect of rates of interest payable by the designated authority for the current year on money borrowed by that authority or, in default of such agreement, as the designated authority determines to be equivalent to the average of the rates of interest which are so payable; and, for this purpose, money borrowed by an abolished authority in respect of which liabilities are vested in the designated authority by virtue of regulation 6(8) of the Property Transfer Regulations shall be treated as money borrowed by that authority; and

Q is an amount equal to one-half of so much of the amount payable by the participant authority in accordance with regulation 6 as the component in respect of principal for the current year as that authority and the designated authority agree to be attributable to, as the case may be—

- (i) the modified housing amount; or
- (ii) the modified non-housing amount; or
- (iii) the modified relevant amount;

or, in default of such agreement, as the designated authority determines to be so attributable.

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## EXPLANATORY NOTE

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

These Regulations apply in cases where a local authority affected by a reorganisation under Part II of the Local Government Act 1992 is a “designated authority” for the purposes of Part III of the Local Government Changes for England (Property Transfer and Transitional Payments) Regulations 1995 (“the Property Transfer Regulations”). Such an authority may be one of two or more “successor authorities” in relation to an “abolished authority” or it may be “the relinquishing authority in relation to a transferred area”. In relation to such an authority, the other “successor authorities” or, as the case may be, “the acquiring authority” in relation to that transferred area are “participant authorities”. All these expressions and the other expressions used in the Regulations are defined in regulation 2.

Regulation 3 requires an abolished authority to provide estimates of borrowings and other specified amounts to the designated authority.

Regulation 4 provides that participant authorities are liable to make payments to the designated authority where, in the financial year beginning on “the reorganisation date”, that authority is, by virtue of section 63(1) of the Local Government and Housing Act 1989, required to set aside an amount from its revenue account as provision to meet credit liabilities and, in the case of a designated authority which is a successor authority, that amount is greater than it would have been if the Local Government Changes for England (Capital Finance) Regulations 1995 had not been made. (Part V of those Regulations makes provision for the determination by such an authority of the amounts to be set aside by virtue of section 63(1)). A liability arises where the amount required to be so set aside includes an amount determined in respect of certain supplementary credit approvals or certain advances from loans funds made before 1 April 1990 or where amounts which are modified forms of the housing, non-housing or relevant amounts determined for the purposes of Part VII of the Local Authorities (Capital Finance) Regulations 1990 (“the 1990 Regulations”) are positive amounts.

A liability is discharged by the making of payments consisting of a component in respect of principal and a component in respect of interest. The Regulations provide that matters relating to the calculation of the components and making of the payments may be agreed by the designated authority and the participant authorities but the Regulations make provision in default of such agreements.

Regulation 5 provides for the times at which the components are to be calculated and regulation 6 regulates the making of the payments (including payment by instalments and the making of adjustments if there has been an over or underpayment).

Regulation 7 makes provision for the payment of interest on late payments.

Regulation 8 enables a participant authority, after giving notice to the designated authority, to make voluntary additional payments to discharge its liability at any time.

Regulation 9 modifies the 1990 Regulations, primarily, to enable participant authorities to make voluntary additional payments otherwise than from a revenue account and requires the designated authority to treat such payments as capital receipts of which 100% shall be set aside as provision to meet credit liabilities.

Regulation 10 requires the designated authority to supply information, on request, to participant authorities and regulation 11 provides for arbitration in case of dispute about any calculation or determination by the designated authority.

The Schedule sets out the method to be used for the calculation of the components of payments, unless the authorities concerned agree otherwise.