
STATUTORY INSTRUMENTS

1995 No. 850

LOCAL GOVERNMENT, ENGLAND AND WALES

The Local Authorities (Capital Finance and Approved Investments) (Amendment) Regulations 1995

<i>Made</i>	- - - -	<i>22nd March 1995</i>
<i>Laid before Parliament</i>		<i>23rd March 1995</i>
<i>Coming into force</i>	- -	<i>1st April 1995</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 40(5)(a), 49(3), 51(7), 59(3) and (5), 61(4), 64(2), 66(1)(a) and (6), 190(1) and 191(1) of, and paragraphs 10, 15(1)(a) and 18(1) of Schedule 3 to, the Local Government and Housing Act 1989(1), and of all other powers enabling them in that behalf, hereby make the following Regulations:

Commencement and citation

1. These Regulations may be cited as the Local Authorities (Capital Finance and Approved Investments) (Amendment) Regulations 1995 and shall come into force on 1st April 1995.

Amendment of Regulations

2. The Local Authorities (Capital Finance) Regulations 1990(2) shall be amended in accordance with the provisions of these Regulations.

Expenditure to be expenditure for capital purposes

3. In regulation 2, insert the following paragraphs after paragraph (8)—

“(9) Subject to paragraph (10), expenditure incurred by a local authority on the acquisition or preparation of a computer program, in so far as it would not be expenditure for capital purposes by virtue of section 40(2), shall be such expenditure if the authority acquire or prepare the program for use for a period of at least one year for any purpose relevant to their functions.

(1) 1989 c. 42.

(2) S.I.1990/432; amended by S.I. 1992/738, S.I. 1992/2819, S.I. 1992/3257, S.I. 1993/520, S.I. 1993/3054 and S.I. 1994/553. There are other amendments not relevant to these Regulations.

(10) The reference in paragraph (9) above to the acquisition of a computer program includes the acquisition of a right to use such a program.”.

Initial and subsequent cost of leases

4. In regulation 7—

(a) in paragraph (2), for the words “paragraph (3), (4) or (5A) below” substitute “paragraph (3), (4), (5A), (5C), (5D), (5F), (5G) or (5H) below”;

(b) for paragraph (3) substitute the following—

“(3) This paragraph applies to a lease (“the current lease”) of land the term of which, or the residue of the term of which, does not exceed three years, unless—

(a) the local authority who become the lessees had, at any time within the period of five years immediately preceding the date on which they become the lessees—

(i) a freehold interest in the whole or part of the land in question (“the land”),
or

(ii) a leasehold interest in the whole or part of the land, the term of which, when added to the term of the current lease, exceeds three years; or

(b) any other local authority had, within the same period, a leasehold interest in the whole or part of the land, the term of which, when added to the term of the current lease, exceeds three years.”;

(c) in paragraph (5A), in sub-paragraph (c), for the word “regulation” substitute “paragraph”;

(d) insert the following paragraphs after paragraph (5B)—

“(5C) This paragraph applies to a lease of land (“the current lease”) where—

(a) the current lease is of a dwelling-house (“the dwelling”) which, immediately before the grant of that lease, was let or occupied under an excluded tenancy granted by the local authority who become the lessees (“the authority”);

(b) the term of the current lease does not exceed two years and ends not later than 1st October 1997;

(c) the authority had a leasehold interest in the dwelling which expired not earlier than 21st December 1994, and—

(i) was a lease falling within paragraph (3) or (4) above which was acquired by the authority or another local authority on or before 21st December 1992; or

(ii) was a lease falling within paragraph (5A) above.

(5D) This paragraph applies to a lease (“the current lease”) of relevant land, other than a lease falling within paragraph (4), (5A) or (5C) above, the term of which, or the residue of the term of which, does not exceed ten years, unless—

(a) the local authority who become the lessees (“the authority”) had, at any time on or after 1st April 1990 and before the date on which they become the lessees, a freehold interest in the whole or part of the land demised by the current lease (“the land”);

(b) at any time on or after 1st April 1990 and before the date on which the authority become the lessees, any other local authority had a leasehold interest in the whole or part of the land;

(c) at any time on or after 10th March 1988 and before the date on which they become the lessees, the authority acquired a leasehold interest in the whole or part of the land;

- (d) the current lease confers on the lessee an option to purchase the lessor's interest in the land; or
 - (e) the capital cost of the lease exceeds 70 per cent. of the relevant value.
- (5E) In paragraph (5D)—
- “relevant land” means any land other than land which, if acquired by a local authority, would be a house, dwelling or other property to which section 74(1) would apply;
- “relevant value” means the value of the lessor's interest in the land as estimated by the authority before they become the lessees—
- (i) on the assumption that they will become the lessees under the current lease, and
 - (ii) according to the statement of practice most recently published by the Royal Institution of Chartered Surveyors on the valuation of property for company accounts.
- (5F) This paragraph applies to a lease of land where—
- (a) the term of the lease does not exceed seven years;
 - (b) the local authority become the lessees immediately upon the expiry of another leasehold interest which the authority had in the land in question (in this paragraph referred to as “the preceding interest”);
 - (c) the preceding interest was a lease falling within paragraph (3) above as that paragraph had effect on the date when the lease was acquired;
 - (d) but for the preceding interest, the lease would fall within paragraph (5D) above; and
 - (e) if the term of the lease does not exceed three years, the lease would, but for the preceding interest, fall within paragraph (5D) above if it were for a term exceeding three years.
- (5G) This paragraph applies to a lease of land (“the lease”) where—
- (a) the local authority who become the lessees are a new police authority;
 - (b) the old police authority occupied the land demised by the lease on 31st March 1995, and the new police authority become the lessees before 1st April 1996;
 - (c) immediately before the date on which the new police authority become the lessees, another local authority have a freehold or leasehold interest in the land demised by the lease;
 - (d) the term of the lease, or the residue of the term of the lease, does not exceed ten years;
 - (e) the lease does not confer on the lessee an option to purchase the lessor's interest in the land demised by the lease; and
 - (f) where the term of the lease, or the residue of the term of the lease, exceeds three years, the capital cost of the lease does not exceed 70 per cent. of the relevant value.
- (5H) This paragraph applies to a lease of land (“the lease”) where—
- (a) the local authority who become the lessees (“the authority”) are—

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- (i) a county council of which the old police authority was a committee constituted in accordance with section 2 or 3(4) of the 1964 Act as it had effect before 8th August 1994⁽³⁾; or
 - (ii) the council of any constituent county where the old police authority was a combined police authority constituted in accordance with section 3 of the 1964 Act (other than section 3(4)) as it had effect before 8th August 1994;
 - (b) the old police authority occupied the land demised by the lease on 31st March 1995, and the authority become the lessees of the new police authority before 1st April 1996;
 - (c) immediately before the date on which the authority become the lessees, the authority have a freehold or a leasehold interest in the land demised by the lease which was vested in the new police authority under article 9 of the Commencement Order;
 - (d) the term of the lease, or the residue of the term of the lease, does not exceed ten years;
 - (e) the lease does not confer on the lessee an option to purchase the lessor's interest in the land demised by the lease; and
 - (f) where the term of the lease, or the residue of the term of the lease, exceeds three years, the capital cost of the lease does not exceed 70 per cent. of the relevant value.
- (5I) In paragraphs (5G) and (5H) above—
- “the 1964 Act” means the Police Act 1964⁽⁴⁾;
 - “the 1994 Act” means the Police and Magistrates' Courts Act 1994⁽⁵⁾;
 - “the Commencement Order” means the Police and Magistrates' Courts Act 1994 (Commencement No. 5 and Transitional Provisions) Order 1994⁽⁶⁾;
 - “new police authority” means a police authority established under section 3 of the 1964 Act (as substituted by section 2 of the 1994 Act) for a police area;
 - “old police authority” means, in relation to a new police authority, the police authority which is superseded by the new police authority; and
 - “relevant value” means the value of the lessor's interest in the land demised by the lease in question as estimated by the authority before they become the lessees—
 - (i) on the assumption that they will become the lessees under the lease, and
 - (ii) according to the statement of practice most recently published by the Royal Institution of Chartered Surveyors on the valuation of property for company accounts.”;
 - (e) in paragraph (6), in sub-paragraphs (a) and (c), for the words “paragraph (3), (4) or (5A) above” substitute “paragraph (3), (4), (5A), (5C), (5D), (5F), (5G) or (5H) above”;
 - (f) in paragraph (7), for the words “paragraphs (3), (4), (5A) or (6) above” substitute “paragraphs (3), (4), (5A), (5C), (5D), (5F), (5G), (5H) or (6) above”;
 - (g) in paragraphs (6) and (7) before the words “The initial cost in relation to a lease” insert “Subject to paragraph (10A),”;

(3) See the Police and Magistrates' Courts Act 1994 (Commencement No. 1 and Transitional Provisions) Order 1994. On 8th August 1994, subject to modifications, section 2 of the 1994 Act came into force for purposes which included the appointment of members of the new police authorities.

(4) 1964 c. 48.

(5) 1994 c. 29.

(6) S.I. 1994/3262 (C. 83); amended by S.I. 1995/246 (C.8).

(h) in paragraph (10), in sub-paragraph (d), for the words “section 31 of the Police Act 1964” substitute “sections 31, 31A and 31B of the Police Act 1964(7)”; and

(i) insert the following paragraphs after paragraph (10)—

“(10A) A local authority (“the authority”) who become the lessees under a lease falling within paragraph (6) or (7) above (“the current lease”), may reduce the amount which, apart from this paragraph, would be the initial cost of that lease by an amount not exceeding the balance of the released credit cover in relation to a relevant lease.

(10B) In paragraph (10A) above, the balance of the released credit cover in relation to a relevant lease is an amount determined by the authority by—

(a) estimating, at the relevant time and on the assumptions specified in paragraph (10C), the initial cost of a new lease of the land demised by the relevant lease; and

(b) subtracting from that estimate any amount which the authority have already applied out of that estimate in reduction under paragraph (10A) of the initial cost of a lease other than the current lease.

(10C) The assumptions specified for the purposes of paragraph (10B) are—

(a) that the term of the new lease is equal to the term of the relevant lease less the expired period of that term;

(b) that the new lease would be a lease falling within paragraph (6) or (7) above;

(c) that apart from the term of the new lease, the new lease is identical to the relevant lease; and

(d) that the initial cost of the new lease fell to be calculated at the time when the initial cost of the relevant lease was calculated.

(10D) In paragraphs (10A), (10B) and (10C) above—

“relevant lease” means a lease which, at the time when the authority became the lessees, was a lease falling within paragraph (6) or (7) above; and

“the relevant time” means the time when the authority’s interest in a relevant lease ceases other than by reason of the expiry of the term of that lease.”.

Variation of credit arrangements

5. In regulation 8, substitute the following paragraphs for paragraph (4)—

“(4) Where at any time before 1st April 1995 a local authority have entered into a credit arrangement which is a lease of land falling within regulation 7(3) above (“the first lease”), and—

(a) the arrangement is varied by the grant to the authority of a new lease of the same land for a term which extends beyond the expiry date of the first lease, and

(b) the new lease would, if granted upon the expiry of the first lease, fall within regulation 7(5F), the adjusted cost of the arrangement for the purposes of section 51(4)(b) shall be nil.”.

Reserved part of capital receipts

6.—(1) In regulation 14—

(7) 1964 c. 48. Sections 31, 31A and 31B of the Police Act 1964 are substituted by section 17 of the Police and Magistrates' Courts Act 1994 (c. 29).

- (a) in paragraphs (1) and (2), for the words “Subject to paragraphs (3) to (5) below” substitute “Subject to paragraphs (3) to (9) below”; and
 - (b) insert the following paragraph after paragraph (5)—
 - “(6) For the purposes of section 59(3), the reserved part of a capital receipt shall be 25 per cent. in the case of a receipt which—
 - (a) falls within paragraph 1(a) of Part I of Schedule 1 and is received by a local authority during the period beginning 1st April 1995 and ending on 31st March 1996 in respect of a disposal of share capital or loan capital in a company formed under section 59 or 67 of the Transport Act 1985⁽⁸⁾; or
 - (b) falls within paragraph 1(b) of Part I of Schedule 1 and is received by a local authority during that period.
 - (7) For the purposes of section 59(3), the reserved part of a capital receipt shall be 25 per cent. in the case of a receipt, other than a receipt to which paragraph (8) below applies, which—
 - (a) falls within paragraph 1(a) of Part I of Schedule 1 and is received by a local authority during the period beginning 1st April 1995 and ending on 31st March 1997 in respect of a disposal of share capital or loan capital in a public airport company (within the meaning of Part II of the Airports Act 1986⁽⁹⁾);
 - (b) falls within paragraph 1(aa) of Part I of Schedule 1 and is received by a local authority during that period; or
 - (c) is derived from the disposal of share capital or loan capital acquired at any time by a local authority in a relevant company, and is received by the authority during that period.
 - (8) This paragraph applies to a receipt in respect of a disposal of share capital or loan capital in a public airport company (within the meaning of Part II of the Airports Act 1986) if, notwithstanding that disposal and the issue of any further share capital in the company, the company continues to be a public airport company after the expiry of a period of 28 days beginning on the date of that disposal.
 - (9) For the purposes of paragraph (7) (c) above, a company is a relevant company if—
 - (a) at the time when the authority disposed of any share capital or loan capital in it, the company is carrying on the business of operating an airport and is not a public airport company; and
 - (b) at the time when the authority acquired that share capital or loan capital, the company was carrying on the business of operating an airport, or was in the course of taking over that business from the authority.”.
- (2) In paragraph 1 of Part I of Schedule 1—
- (a) in sub-paragraph (aa), for the words from “was acquired” to “that date” substitute the following—
 - “(aa) is in a public airport company (within the meaning of Part II of the Airports Act 1986) and was acquired by the local authority on or after 15th February 1989—”; and
 - (b) insert the following sub-paragraphs after sub-paragraph (b)—
 - “(c) was acquired by the authority—
 - (i) before 10th March 1988, or

⁽⁸⁾ 1985 c. 67.

⁽⁹⁾ 1986 c. 31

- (ii) on or after 1st April 1990 for the purposes of providing financial assistance under section 33,
and was issued by a company which has not, at any time since the date of issue, engaged in any of the activities of providing, constructing, improving or managing, or facilitating or encouraging the construction or improvement of housing accommodation;
- (d) is in a company formed by, or with the participation of, the authority for any of the purposes referred to in section 145(1) of the Local Government Act 1972⁽¹⁰⁾; or
- (e) is in a company formed by, or with the participation of, the authority as mentioned in subsection (3)(a) of section 32 of the Environmental Protection Act 1990⁽¹¹⁾, or pursuant to directions given by the Secretary of State under section 32(2) of that Act.”.

Capital receipts not wholly in money paid to the authority

7. In regulation 20—

- (a) in paragraph (2), for “(4) and (6) below” substitute “(4), (6) and (6A) below”; and
- (b) insert the following paragraphs after (6)—

“(6A) Subject to paragraph (6C), in the case of non-monetary consideration which is received by a local authority in respect of a disposal of a company of an interest falling within paragraph (6B), and which consists of the issue of share capital or loan capital in the company, the reserved part of the notional capital shall be nil.

(6B) An interest in an asset falls within the paragraph if, at the time of the disposal, expenditure on its acquisition would be expenditure for capital purposes, unless the asset is a house, dwelling or other property of the authority to which section 74(1) applied immediately before the disposal.

(6C) Paragraph (6A) above shall not apply in the case of any non-monetary consideration to which section 61 does not apply by virtue of article 17(4) of the Local Authorities (Companies) Order 1995⁽¹²⁾.”.

Modification of credit ceiling

8.—(1) In regulation 21, in paragraph (2), for the word “modification” substitute “modifications”, and for the words “is”, in both places where it occurs, substitute “are”.

(2) In Part II of Schedule 3, after paragraph 3 add the following—

“4.—(1) For the purposes of this paragraph, a county council is a relevant county council if a committee of that council constituted a police authority in accordance with section 2 or 3(4) of the Police Act 1964⁽¹³⁾ as it had effect before 8th August 1994.

(2) In relation to—

- (a) a police authority established under section 3 of the Police Act 1964 (as substituted by section 2 of the Police and Magistrates' Courts Act 1994⁽¹⁴⁾) for a police area; and
- (b) a local authority which is a relevant county council,

(10) 1972 c. 70.
(11) 1990 c. 43.
(12) S.I. 1995/849.
(13) 1964 c. 48.
(14) 1994 c. 29.

in addition to the modification made in paragraph 3 above, Schedule 3 to the Act is modified by the insertion of the following paragraphs—

“**10A.** Where the old police authority; or

- (a) a joint police authority; or
- (b) the police authority for a combined area constituted in accordance with section 3 of the 1964 Act (other than section 3(4)),

the credit ceiling of the new police authority on 1st April 1995 shall be equal to the credit ceiling on 31st March 1995 of the old police authority.

10B.—(1) Where the old police authority was a committee of a county council (“the council”) constituted in accordance with section 2 or 3(4) of the 1964 Act—

- (a) the credit ceiling of the new police authority on 1st April 1995 shall be equal to the police amount for the council for 31st March 1995; and
- (b) the credit ceiling of the council on 1st April 1995 shall be reduced by that amount.

(2) For the purposes of this paragraph—

- (a) the police amount for the council for 31st March in any of the years 1991 to 1995 shall be determined—
 - (i) by adding to the police amount for the council for 31st March in the immediately preceding year the amount of the police increase for the council for the financial year following it; and
 - (ii) by subtracting from the resulting amount the amount of the police decrease for the council for that financial year; and
- (b) the police amount for the council for 31st March 1990 shall be an amount equal to the portion of the council’s initial credit ceiling attributable to the council’s police authority functions.

(3) For the purposes of paragraph (2) above, the amount of the police increase for the council for any financial year is the total of all increases in the council’s credit ceiling in that year by virtue of the use of credit approvals to any extent as mentioned in section 56(3) in respect of the council’s police authority functions.

(4) For the purposes of paragraph (2) above, the amount of the police decrease for the council for any financial year is the total of the following amounts—

- (a) four per cent. of the police amount for the council for 31st March in the financial year immediately preceding the financial year in question;
- (b) the total of any amounts set aside by the council as provision to meet credit liabilities from the reserved part of any capital receipts in respect of a disposal or repayment attributable to police authority functions or, in relation to consideration to which section 61(4) applies, from the amount which would be the reserved part of a notional capital receipt in respect of such a disposal or repayment;
- (c) the total of any amounts set aside by the council from its revenue account or from the usable part of its capital receipts as provision to meet credit liabilities in respect of its police excluded credit arrangements; and
- (d) the total of any amounts shown in the accounts of the council as being set aside from its revenue account as provision to meet credit liabilities in respect of its police authority functions in excess of the amounts referred to in sub-paragraph (a) above, and the amount of any usable part of the

council's capital receipts shown in its accounts as being applied as such provision in respect of its police authority functions.

(5) In sub-paragraph (4) above, "police excluded credit arrangements" means any credit arrangements excluded by regulations made under paragraph 11(2) of Schedule 3 to the Act entered into in respect of land, goods or services held or used for police authority functions.

10C. In paragraphs 10A and 10B above "the 1964 Act" means the Police Act 1964⁽¹⁵⁾;

"the 1994 Act" means the Police and Magistrates' Courts Act 1994⁽¹⁶⁾;

"joint police authority" means—

- (i) a metropolitan county police authority constituted in accordance with the provisions of Part IV of the Local Government Act 1985⁽¹⁷⁾; or
- (ii) the Northumbria Police Authority; "new police authority" means a police authority established under section 3 of the 1964 Act (as substituted by section 2 of the 1994 Act) for a police area;

"old police authority" means, in relation to a new police authority, the police authority which is superseded by the new police authority."

Minimum revenue provision

9. In regulation 26—

- (a) in paragraph (1) for the words "Subject to paragraphs (5) to (11) below" substitute "Subject to paragraphs (5) to (13) below";
- (b) insert the following paragraph after paragraph (11)—

"(12) This paragraph applies to a police authority established under section 3 of the Police Act 1964⁽¹⁸⁾ (as substituted by section 2 of the Police and Magistrates' Courts Act 1994⁽¹⁹⁾) for a police area, where the old police authority for that area was a committee of a county council constituted in accordance with section 2 or 3(4) of the Police Act 1964 (as it had effect before 8th August 1994).

(13) In relation to a local authority to which paragraph (12) above applies, the amount in respect of principal for the purposes of paragraph 15(1)(a) of Schedule 3 to the Act shall, for the financial year beginning on 1st April 1995, be four per cent. of the credit ceiling of the police authority on that day."

Specified purposes and bodies

10. In regulation 26B—

- (a) for sub-paragraph (b) of paragraph (2) substitute the following sub-paragraph—
 - "(b) in the case of a relevant authority which is a county council, a district council or the Council of the Isles of Scilly, the police authority whose police area as listed in Schedule 1A to the Police Act 1964⁽²⁰⁾ includes the area of the relevant authority"; and
- (b) omit sub-paragraph (c) of paragraph (2).

⁽¹⁵⁾ 1964 c. 48.

⁽¹⁶⁾ 1994 c. 29.

⁽¹⁷⁾ 1985 c. 51.

⁽¹⁸⁾ 1964 c. 48.

⁽¹⁹⁾ 1994 c. 29.

⁽²⁰⁾ 1964 c. 48. Schedule 1A was inserted by section 1(2) of, and Schedule 1 to, the Police and Magistrates' Courts Act 1994 (c. 29).

Interpretation of Part IV of the Act

11. In regulation 27—

(a) in paragraph (1), after sub-paragraph (f) insert—

“(g) article 9 of the Police and Magistrates' Courts Act 1994 (Commencement No. 5 and Transitional Provisions) Order 1994(21).”; and

(b) in paragraph (2), after the words “another authority by virtue of” insert “(a)”, and at the end of that paragraph add—

“or

(b) article 9 of the Police and Magistrates' Courts Act 1994 (Commencement No. 5 and Transitional Provisions) Order 1994.”.

Adjusted credit ceiling

12. In sub-paragraph (b) of paragraph (2) of Part II of Schedule 4, add the following paragraph after paragraph (iii)—

“(iv) any amount which the authority determine to set aside as credit cover in accordance with article 14 of the Local Authorities (Companies) Order 1995(22); and”

Approved investments

13. The Local Authorities (Capital Finance) (Approved Investments) Regulations 1990(23) shall be amended by the addition of the following paragraph at the end of Part II of the Schedule—

“29. A police authority established under section 3 of the Police Act 1964 (as substituted by section 2 of the Police and Magistrates' Courts Act 1994(24)).”.

Signed by authority of the Secretary of State for the Environment

20th March 1995

David Curry
Minister of State
Department of the Environment

Signed by authority of the Secretary of State for Wales

22nd March 1995

Gwilymn Jones
Parliamentary Under-Secretary of State, Welsh
Office

(21) S.I. 1994/3262 (C.83); amended by S.I. 1995/246 (C.8).

(22) S.I. 1995/849.

(23) S.I.1990/426; amended by S.I. 1991/501 and S.I. 1992/1353.

(24) 1994 c. 29.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations further amend the Local Authorities (Capital Finance) Regulations 1990 (“the principal Regulations”).

Regulation 3 amends regulation 2 of the principal Regulations to provide that expenditure on the acquisition or preparation of a computer program shall be expenditure for capital purposes if the program is acquired or prepared for use for a period of at least one year.

Regulation 4 amends regulation 7 of the principal Regulations to make further provision in respect of the initial cost of leases of land acquired by a local authority.

Regulation 7 of the principal Regulations is also amended to allow an authority to reduce the initial cost of a lease where their interest in another lease for which they provided credit cover has ceased before the end of its term.

Regulation 5 amends regulation 8 of the principal Regulations to provide that where a lease of land falling within regulation 7(3) is varied by the grant of a new lease of the same land, the adjusted cost of the credit arrangement for the purposes of section 50(4)(b) shall be nil, provided that the new lease would, if granted when the original lease expired, fall within regulation 7(5F).

Regulation 6 amends regulation 14 of, and Schedule 1 to, the principal Regulations. The main effect of the amendments is that the reserved part of a local authority’s capital receipts shall be—

- (a) 25 per cent. in specified cases where a receipt is received within a specified period in respect of a disposal of share capital or loan capital in a bus company or an airport company; and
- (b) 50 per cent. in the case of the receipt derived from a disposal by a local authority of share or loan capital which—
 - (i) was acquired before 10th March 1988, or for the purposes of providing financial assistance under section 33 of the Local Government and Housing Act 1989 and was issued by a company not concerned with the provision of housing or housing services;
 - (ii) is in a company formed by, or with the participation of, the authority for any of the purposes referred to in section 145(1) of the Local Government Act 1972; or
 - (iii) is in a waste disposal company formed by, or with the participation of, the authority.

Regulation 7 amends regulation 20 of the principal Regulations to provide that where a local authority acquire shares in a company in consideration for the disposal of an asset, the reserved part of the notional capital receipt shall be nil if the asset was not acquired for housing purposes and if expenditure on acquiring the asset would be expenditure for capital purposes.

Regulations 8 to 11 make amendments to Part VII (credit ceiling), VII (minimum revenue provision), VIIIA (use of amounts set aside to meet credit liabilities) and IX (supplementary) of the principal Regulations to take account of the new police authorities established under section 3 of the Police Act 1964 (as substituted by section 2 of the Police and Magistrates' Courts Act 1994).

Regulation 12 amends Part II of Schedule 4 to the principal Regulations to provide that in determining a local authority’s adjusted credit ceiling no account shall be taken of amounts set aside as credit cover under the Local Authorities (Companies) Order 1995.

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Regulation 13 further amends the Schedule to 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, to take account of new police authorities.