
STATUTORY INSTRUMENTS

1996 No. 910

The Local Government Reorganisation (Wales) (Capital Finance and Miscellaneous Provisions) Order 1996

PART II

CAPITAL FINANCE

Agreements under section 56 of the 1994 Act

3.—(1) For the purposes of Part IV of the 1989 Act, any expenditure described in paragraph (2) below which, apart from this article, would not be expenditure for capital purposes shall be treated as such expenditure.

(2) The expenditure described in this paragraph is expenditure by a relevant authority on the making of payments under a section 56 agreement in respect of relevant property transferred or retained under that agreement.

(3) For the purposes of Part IV of the 1989 Act, where a relevant authority receives a payment under a section 56 agreement, the whole of the sum received shall (if apart from this paragraph it would not be a capital receipt) be treated as a capital receipt.

(4) Section 59(2) of the 1989 Act and regulations made under section 59(3) of that Act shall not apply to determine the reserved part of any relevant capital receipt; and for the purposes of Part IV of the 1989 Act, the reserved part of any relevant capital receipt shall be nil per cent.

(5) Section 61 of the 1989 Act (capital receipts not wholly in money) and any regulations or directions made under that section shall not apply where a relevant authority receives relevant consideration under a section 56 agreement.

(6) In this article—

“relevant authority” means a county council, a county borough council, a National Park authority or a fire authority;

“relevant capital receipt” means a sum received under a section 56 agreement by a relevant authority, which—

(a) is a capital receipt within the meaning of section 58 of the 1989 Act; or

(b) by virtue of paragraph (3) above, is to be treated as such a receipt;

“relevant consideration” means any consideration in relation to which (apart from paragraph (5) above) section 61 of the 1989 Act would apply;

“section 56 agreement” means an agreement made under section 56 of the 1994 Act between two or more relevant authorities; and

“relevant property” means land, buildings or other structures, except roads.

Usable capital receipts

4.—(1) In relation to an undivided old authority, section 60 of the 1989 Act shall have effect as if on 1st April 1996 there were added to the usable receipts of its successor authority an amount equal to the usable receipts of the old authority at the end of 31st March 1996.

(2) In relation to a divided old authority, section 60 of the 1989 Act shall have effect as if on 1st April 1996 there were added to the usable receipts of its designated authority an amount equal to the usable receipts of the old authority at the end of 31st March 1996.

(3) Where by virtue of paragraph (2) above a usable receipt of an old authority is added to the usable receipts of its designated authority, the designated authority shall not apply the usable receipt in either of the ways referred to in section 60(2) of the 1989 Act except for the purpose of meeting expenditure for capital purposes incurred by the old authority.

(4) In this article, a usable receipt means the usable part of a capital receipt (within the meaning of Part IV of the 1989 Act) which has not been applied as mentioned in section 60(2) of the 1989 Act.

Provision for credit liabilities

5.—(1) In this article, “PCL” means the amount for the time being set aside by a local authority (whether voluntarily or pursuant to a requirement under Part IV of the 1989 Act) as provision to meet credit liabilities.

(2) On 1st April 1996 there shall be added to the PCL of a designated authority in relation to an old authority an amount equal to the PCL of the old authority at the end of 31st March 1996.

(3) Paragraph 12 of Schedule 3 to the 1989 Act (reduction of credit ceiling on set aside) shall not apply in relation to any amount added to the PCL of a designated authority in accordance with paragraph (2) above.

Aggregate credit limits

6. In the case of a successor authority, section 62 of the 1989 Act (aggregate credit limit) shall have effect at any time in the financial year beginning on 1st April 1996 as if “relevant arrears” for the purposes of subsection (3)(b)(ii) included amounts in respect of income which—

- (a) were not received by the old authority before 1st April 1996;
- (b) are payable on or after 1st April 1996 to the successor authority; and
- (c) would, as income, have fallen to be credited to a revenue account of that old authority for the financial year beginning two years before 1st April 1996;

and as if the reference in subsection (5) to expenditure defrayed by the authority for capital purposes included expenditure defrayed for such purposes by the old authority.

Credit ceiling of new authority

7.—(1) Part III of Schedule 3 to the 1989 Act shall apply to determine the credit ceiling of a new authority and a National Park authority subject to the provisions of this article.

(2) For the purposes of Part IV of the 1989 Act, the credit ceiling on 1st April 1996 of a new authority shall be the aggregate of—

- (a) the amount which would, apart from this paragraph, have been its credit ceiling on that date;
- (b) the credit ceilings at the end of 31st March 1996 of its undivided old authorities (if any); and

(c) the total of its credit ceiling shares (if any) for its divided old authorities, calculated, as the case may be, in accordance with paragraph (3) or (4) below.

(3) In relation to a divided old authority, the credit ceiling share for the designated authority is the amount calculated in accordance with the following formula—

$$C - T$$

where—

C is the credit ceiling of the divided old authority at the end of 31st March 1996; and;

T is the total of the credit ceiling shares of the participant authorities calculated in accordance with paragraph (4) below.

(4) In relation to a divided old authority, the credit ceiling share for a participant authority is an amount equivalent to the amount by which the credit ceiling of the divided old authority would have been reduced if at the end of 31st March 1996 it had set aside an amount as provision sufficient to meet the transferred credit liabilities transferred from it to the participant authority by the Property Order.

(5) For the purposes of paragraph (4) above, a transferred credit liability is—

- (a) any liability of the participant authority in respect of money borrowed by the divided old authority, other than a liability in respect of interest; or
- (b) any liability of the participant authority in respect of a credit arrangement entered into by the divided old authority, other than one excluded by regulations under paragraph 11 of Schedule 3 to the 1989 Act.

(6) Any reference in this article to the credit ceiling of an old authority is a reference to its credit ceiling determined in accordance with the provisions of Part III of Schedule 3 to the 1989 Act.

Adjusted credit ceiling of new authority

8.—(1) Subject to the provisions of this article, Part IV of Schedule 3 to the 1989 Act shall apply to determine the adjusted credit ceiling of a new authority.

(2) For the purposes of Part IV of the 1989 Act, the adjusted credit ceiling on 31st March 1996 of a new authority shall be the aggregate of—

- (a) the amount which would, apart from this paragraph, have been its adjusted credit ceiling on that date;
- (b) the adjusted credit ceilings at the end of 31st March 1996 of its undivided old authorities (if any);
- (c) the total of its housing component shares (if any) calculated under paragraph (3) below; and
- (d) the total of its non-housing component shares (if any) calculated under paragraphs (4), (6), (7), (8) and (9) below so far as those paragraphs apply to it.

(3) A housing component share for a new authority shall be calculated in relation to each of its divided old authorities by applying the formula—

$$\frac{U}{T_u} \times H$$

where—

H is the divided old authority's housing component;

T_u is the number prescribed as the total of the divided old authority's housing units;

U is the number of the divided old authority's housing units prescribed in relation to the new authority.

(4) Subject to paragraph (5) below, a non-housing component share for a new authority shall be calculated in relation to each of its divided old authorities by applying the formula—

$$\frac{N}{T_p} \times P$$

where—

N is the divided old authority's non-housing component;

T_p is the number prescribed as the total of the divided old authority's population;

P is the number of the divided old authority's population prescribed in relation to that part of the divided old authority's area which falls within the area of the new authority.

(5) Paragraph (4) above shall apply to the calculation of a non-housing component share for a new authority except where the share is calculated in relation to the County Council of Dyfed or South Glamorgan.

(6) Subject to paragraph (8) below, a non-housing component share for a new authority shall be calculated in relation to South Glamorgan County Council by applying the formula—

$$\frac{P}{T_p} \times (N - S)$$

where—

N, P and T_p have the meanings assigned to them respectively in paragraph (4) above;

S is the element of South Glamorgan County Council's non-housing component in respect of loan 13142 from the European Investment Bank.

(7) Subject to paragraph (9) below, a non-housing component share for a new authority shall be calculated in relation to Dyfed County Council by applying the formula—

$$\frac{P}{T_p} \times (N - S_c)$$

where—

N, P and T_p have the meanings assigned to them respectively in paragraph (4) above;

S_c is the element of Dyfed County Council's non-housing component in respect of debt relating to the Cleddau Bridge.

(8) The non-housing component share for Cardiff County Council in relation to South Glamorgan County Council shall be calculated by applying the formula—

$$S + \left(\frac{P}{T_p} \times (N - S_c) \right)$$

where—

N, P and T_p have the meanings assigned to them respectively in paragraph (4) above, and S has the meaning assigned to it in paragraph (6) above.

(9) The non-housing component share for Pembrokeshire County Council in relation to Dyfed County Council shall be calculated by applying the formula—

$$S_c + \left(\frac{P}{T_p} \times (N - S_c) \right)$$

where—

N, P and T_p have the meanings assigned to them respectively in paragraph (4) above, and S_c has the meaning assigned to it in paragraph (7) above.

(10) For the purposes of this article—

- (a) the number prescribed as the total of a divided old authority's housing units is the number so prescribed in column (2) of Schedule 1 to this Order;
 - (b) the number of a divided old authority's housing units prescribed in relation to a new authority is the number so prescribed in column (4) of Schedule 1 to this Order;
 - (c) the number prescribed as the total of a divided old authority's population is the number so prescribed in column (2) of Schedule 2 to this Order; and
 - (d) the number of a divided old authority's population prescribed in relation to that part of the divided old authority's area which falls within the area of a new authority is the number so prescribed in column (4) of Schedule 2 to this Order.
- (11) In this article—
- “housing component”, in relation to an old authority, means the housing component of that authority's adjusted credit ceiling at the end of 31st March 1996, calculated in accordance with paragraph 3 of Schedule 5 to the 1990 Regulations; and
- “non-housing component”, in relation to an old authority, means the non-housing component of that authority's adjusted credit ceiling at the end of 31st March 1996, calculated in accordance with paragraph 5 of Schedule 5 to the 1990 Regulations.

Minimum revenue provision of new authority

9.—(1) Regulation 26 of, and Schedules 5 and 6 to, the 1990 Regulations shall apply to a new authority as if references in that regulation to “the current financial year” were references to a financial year beginning on or after 1st April 1997.

(2) For the financial year beginning on 1st April 1996, the amount in relation to a new authority in respect of principal for the purposes of paragraph 15(1)(a) of Schedule 3 to the 1989 Act shall be the aggregate of 2 per cent of its housing amount and 4 per cent of its non-housing amount.

(3) In paragraph (2) above, a new authority's housing amount is the aggregate of—

- (a) the total of the housing components of its undivided old authorities (if any), and
- (b) the total of its housing component shares, (if any) calculated under article 8(3) of this Order.

(4) In paragraph (2) above, a new authority's non-housing amount is its adjusted credit ceiling determined in accordance with article 8 of this Order, less its housing amount calculated in accordance with paragraph (3) above.

(5) In paragraph (3) above, the housing component of an old authority has the same meaning as in article 8 of this Order.

Amendments to Local Authorities (Capital Finance) Regulations 1990

10.—(1) Sub-paragraph (g) of paragraph (1) of regulation 6 of the 1990 Regulations (leases and contracts which are not credit arrangements) shall be amended by the deletion of “or” at the end of paragraph (ii), and the addition at the end of paragraph (iii) of—

“; or

(iv) the Local Government Reorganisation (Wales) (Property etc.) Order 1996.”

(2) Paragraph (1) of regulation 27 of the 1990 Regulations (interpretation of Part IV of the 1989 Act) shall be amended by the addition after sub-paragraph (g) of the following sub-paragraph—

“(h) the Local Government Reorganisation (Wales) (Property etc.) Order 1996.”

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

Amendment of Local Authorities (Borrowing) Regulations 1990

11. Regulation 7 of the Local Authorities (Borrowing) Regulations 1990⁽¹⁾ (loan instruments transferable by delivery) shall apply to the new authorities as if “charging authority” included a new authority, and “county councils” included new authorities.

⁽¹⁾ S.I.1990/767, relevant amendments are made by S.I. 1990/1091 and 1991/551.