
STATUTORY INSTRUMENTS

1997 No. 319

The Local Authorities (Capital Finance) Regulations 1997

PART IV

CREDIT ARRANGEMENTS

Initial and subsequent cost of other credit arrangements

Arrangement for improving the heating or lighting of a building

43.—(1) An arrangement to which paragraph (2) applies shall be excluded from section 49(2), and the initial cost and the cost at any time of such an arrangement shall be calculated in accordance with regulation 45.

(2) This paragraph applies to a credit arrangement where—

- (a) the arrangement is for the carrying out of works consisting of the improvement of the system for heating or lighting a building in which the authority have a freehold or leasehold interest, or the installation of a new system for such heating or lighting; and
- (b) the person with whom the arrangement is made is required under the arrangement, or under a separate contract entered into no later than the date of the arrangement, to maintain and repair the system for heating, or, as the case may be, lighting the building concerned.

Arrangement for improving street lighting

44.—(1) An arrangement to which paragraph (2) applies shall be excluded from section 49(2), and the initial cost and the cost at any time of such an arrangement shall be calculated in accordance with regulation 45.

(2) This paragraph applies to a credit arrangement where—

- (a) the arrangement is for the carrying out of works which are intended to improve the system of lamps, lamp posts and other materials and apparatus which supplies the means of lighting streets, markets and public buildings in the area of the authority (“the lighting system”);
- (b) the works consist of the installation of new lamps, lamp posts and other materials and apparatus;
- (c) the person with whom the arrangement is made is required under the arrangement, or under a separate contract entered into no later than the date of the arrangement, to maintain and repair the lighting system in whole or in part; and
- (d) the lighting system—

- (i) was provided by the authority in the exercise of powers under section 161 of the Public Health Act 1875(1) or section 97 of the Highways Act 1980 (lighting of highways)(2); or
- (ii) has vested in the authority by virtue of section 270 of the Highways Act 1980 (transfer of lighting systems).

Initial cost and cost at any time of arrangements for heating or lighting improvements

45.—(1) In this regulation, “relevant arrangement” means a credit arrangement to which regulation 43(2) or 44(2) applies.

(2) The initial cost of a relevant arrangement shall be the amount which, apart from this regulation, would be the initial cost of the arrangement minus the amount which would be the initial cost assuming that—

- (a) no consideration was required to be given in respect of the arrangement in the financial year in which the arrangement comes into being; and
- (b) for each subsequent financial year of the arrangement, for the purposes of the formula in section 49(2), “x” was an amount equal to the product of the formula—

$$A \left(1 + \frac{i}{100} \right)^n$$

where—

“A” means the average annual expenditure incurred by the authority during the period of five years ending on the date on which they enter into the arrangement, on operating, maintaining and repairing the heating system or lighting system which is improved or replaced by the works carried out under the arrangement;

“i” means the figure in Table 2.1 of Economic Trends published by the Office for National Statistics as the most recent percentage change, quarter on corresponding quarter of previous year, of the implied gross domestic product deflator at market prices; and

“n” has the same meaning as in section 49(2).

(3) The cost at any time of a relevant arrangement shall be the amount which, apart from this regulation, would be the cost of the arrangement at that time minus an amount equal to the product of the formula—

$$\frac{I \times U^P}{P}$$

where—

“I” means the amount which would be the initial cost of the arrangement calculated on the assumptions mentioned in paragraph (2);

“P” means the number of years comprising the period over which the consideration on the part of the authority under the arrangement falls to be given; and

“U” means the number of years which, at the time in question, comprises the unexpired part of that period.

(1) 1875 c. 55.
(2) 1980 c. 66.