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STATUTORY INSTRUMENTS

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**1997 No. 319**

**The Local Authorities (Capital Finance) Regulations 1997**

**PART XII**

**MINIMUM REVENUE PROVISION**

*The components of minimum revenue provision*

**Minimum revenue provision for financial years beginning after 31st March 1997**

**131.** Subject to regulation 138, for the financial year beginning on 1st April 1997 and every subsequent financial year of a local authority, the amount in respect of principal for the purposes of paragraph 15(1) of Schedule 3 to the Act shall be the aggregate of all amounts which the authority is required to determine under regulations 132 to 137.

**Percentage of the housing amount and non-housing amount**

**132.—**(1) If the authority are required (under Part VI of the Act) to keep a Housing Revenue Account for the current year, they shall determine the amount which is equal to the sum of two per cent. of their housing amount and four per cent. of their non-housing amount.

(2) In this Part, in relation to any such authority, except for the financial year beginning on 1st April 1997—

- (a) the housing amount is an amount determined in accordance with provisions of this Part referring to the authority's housing component on the last day of the last year;
- (b) the housing component on the last day of the last year is an amount determined in accordance with provisions of this Part referring to components of the authority's adjusted credit ceiling which are attributable to the exercise of housing functions;
- (c) the non-housing amount is an amount determined in accordance with provisions of this Part referring to the authority's non-housing component on the last day of the last year; and
- (d) the non-housing component on the last day of the last year is an amount determined in accordance with provisions of this Part referring to components of the authority's adjusted credit ceiling which are attributable to the exercise of functions other than housing functions.

**Percentage of the relevant amount**

**133.—**(1) If the authority are not required to keep a Housing Revenue Account for the current year, they shall determine the amount equal to four per cent. of their relevant amount.

(2) In this Part, except for the financial year beginning on 1st April 1997, the relevant amount of any such authority is an amount determined in accordance with provisions of this Part referring to components of the authority's adjusted credit ceiling.

### **Outstanding advances from a loans fund**

**134.**—(1) In this regulation—

“limited approval” means an approval given by the Secretary of State under paragraph 1(b) of Schedule 13 to the Local Government Act 1972<sup>(1)</sup> subject to a condition that the borrowing approved would be repaid within 10 years after the date of the approval; and

“relevant period”, in relation to an advance from a loans fund, means the period beginning on 1st April 1990 and ending on the last day of the financial year in which the money borrowed by virtue of the limited approval for the advance is due to be repaid.

(2) The authority shall determine the total amount, if any, which would fall to be repaid by them in the current year in respect of their advances from a loans fund, if they had been required to repay the principal of each such advance outstanding on 1st April 1990 before the end of the relevant period by equal annual instalments.

(3) For the purposes of paragraph (2), an advance from a loans fund is an advance which was—

- (a) made before 1st April 1990 from a loans fund established by the authority under paragraph 15 of Schedule 13 to the Local Government Act 1972;
- (b) made by virtue of a limited approval for a purpose or class of purpose for which the approval had been given; and
- (c) not fully repaid to the loans fund before 1st April 1990.

### **Transferred debt of designated councils**

**135.** If the authority are a designated council under an order made under section 66(1) or 67(3) of the Local Government Act 1985 (discharge of residuary functions)<sup>(2)</sup>, they shall determine an amount equal to the total of any payments in respect of principal which fall to be made by them in the current year into a fund in relation to money which, by virtue of the order, is treated as their transferred debt.

### **Use of certain credit approvals**

**136.**—(1) In this regulation—

“credit approval” means any supplementary credit approval issued to the authority in respect of expenditure which is treated as expenditure for capital purposes by virtue only of directions under section 40(6); and

“relevant amount” means an amount equal to the extent to which a credit approval has, during any financial year before the current year, been used as mentioned in section 56(3).

(2) The authority shall determine the total amount which would fall to be repaid by them in the current year in respect of the credit approvals issued to them, if, in relation to each such approval, they had been required to repay each relevant amount by equal annual instalments before the end of the amortisation period specified in the approval.

### **Use of amounts set aside to meet liabilities under credit arrangements which had an initial cost of nil**

**137.**—(1) In this regulation, “amount set aside” has the same meaning as in Part XIII of these Regulations.

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(1) 1972 c. 70 Part of paragraph 1(b) of Schedule 13 was repealed by Schedule 17 to the Local Government Act 1985 (c. 51).

(2) 1985 c. 51.

(2) The authority shall determine the total of all amounts set aside, if any, which were applied by them in the last year for the purpose described in section 64(1)(b) (use of amounts set aside to meet credit liabilities) in respect of relevant credit arrangements.

(3) For the purposes of paragraph (2), a credit arrangement is a relevant credit arrangement if its initial cost was nil and, at the time an amount set aside is applied to meet any liability of the authority in respect of it, it has not been varied as mentioned in section 51(1) (variation of credit arrangements).