
STATUTORY INSTRUMENTS

1997 No. 319

The Local Authorities (Capital Finance) Regulations 1997

PART XII

MINIMUM REVENUE PROVISION

Preliminary provisions

Interpretation

130. In this Part—

“the authority” means a local authority who are determining the amount of their minimum revenue provision;

“the current year” means any financial year for which a local authority are determining the amount of their minimum revenue provision;

“housing purposes” means purposes for which any expenditure incurred by a local authority and charged to a revenue account would be charged (as required under Part VI of the Act) to the authority’s Housing Revenue Account or Housing Repairs Account;

“the last year” means the financial year beginning one year before the beginning of the current year;

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

“the year before the last year” means the financial year beginning two years before the beginning of the current year.

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⁽¹⁾ 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)⁽²⁾, 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.

(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.

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.

(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).

Commutation of periodic payments

Commutation adjustments to minimum revenue provision

138.—(1) Subject to paragraph (2), where—

(a) any debt of the authority to the Public Works Loan Commissioners was reduced or extinguished by a commuted payment (within the meaning which that expression has in section 157) paid by the Secretary of State to the Commissioners in the financial year beginning on 1st April 1992, or

(b) the Secretary of State paid a commuted payment to the authority in that financial year,

the authority shall determine the amount in respect of principal for the purposes of paragraph 15(1)(a) of Schedule 3 to the Act in accordance with the following formula—

P–A

where—

“P” is the amount which would have been the amount in respect of principal for the current year if the determination under regulation 131 had not been subject to adjustment under this regulation; and

“A” is the amount of the authority’s commutation adjustment for the current year determined in accordance with Part II of Schedule 2 to these Regulations.

(2) For the purposes of paragraph (1), where amount “A” exceeds amount “P”, the amount in respect of principal for the purposes of paragraph 15(1)(a) of Schedule 3 to the Act shall be nil.

The housing amount and non-housing amount

Basis of determination

139.—(1) Where, for the purposes of this Part, the authority are required to have regard to the housing component of their adjusted credit ceiling on 31st March 1997, they shall have regard to the amount determined under paragraph 3(5) of Schedule 5 to the 1990 Regulations in relation to their housing amount for the financial year beginning on 1st April 1997.

(2) Where, for the purposes of this Part, the authority are required to have regard to the non-housing component of their adjusted credit ceiling on 31st March 1997, they shall have regard to the amount determined under paragraph 5(5) of Schedule 5 to the 1990 Regulations in relation to their non-housing amount for the financial year beginning on 1st April 1997.

Housing and non-housing amounts for financial year beginning 1st April 1997

140.—(1) The authority's housing amount for the financial year beginning on 1st April 1997 shall be an amount equal to the housing amount for that year determined under paragraph 3(1) of Schedule 5 to the 1990 Regulations.

(2) The authority's non-housing amount for the financial year beginning on 1st April 1997 shall be an amount equal to the non-housing amount for that year determined under paragraph 5(1) of Schedule 5 to the 1990 Regulations.

Housing and non-housing amounts for subsequent financial years

141. Subject to regulation 142, where the current year is the financial year beginning on 1st April 1998 or any subsequent financial year, the authority's housing amount for the current year shall be equal to their housing component on the last day of the last year, and the authority's non-housing amount for the current year shall be equal to their non-housing component on that day.

General provisions affecting the determination of housing and non-housing amounts

142.—(1) The housing amount and the non-housing amount of a local authority for any financial year may be nil, but not less than nil.

(2) Where—

- (a) the current year is the financial year beginning on 1st April 1998 or any subsequent financial year, and
- (b) on the last day of the last year the authority's housing component is greater than nil and their non-housing component is less than nil,

the housing amount for the current year shall, subject to paragraph (1), be reduced by the amount by which the non-housing component is less than nil.

(3) Where—

- (a) the current year is the financial year beginning on 1st April 1998 or any subsequent financial year, and
- (b) on the last day of the last year the authority's non-housing component is greater than nil and their housing component is less than nil,

the non-housing amount for the current year shall, subject to paragraph (1), be reduced by the amount by which the housing component is less than nil.

The housing component for subsequent financial years

Determining the housing component

143.—(1) For the purposes of regulation 141, the authority shall determine the housing component on the last day of the last year by deducting their housing reduction in the last year from the aggregate of—

- (a) their housing component on the last day of the year before the last year;
- (b) their housing increase in the last year; and
- (c) the amount, if any, determined in accordance with regulation 146.

(2) The authority's housing component may, by virtue of paragraph (1), be nil or a negative amount.

Determining the housing reduction

144.—(1) In this regulation, “relevant amounts” means any amounts falling to be set aside—

- (a) under section 59(1) or 61(4) by virtue of the disposal of a house, dwelling or other property to which section 74(1) (duty to keep Housing Revenue Account) applied immediately before the disposal; or
- (b) in accordance with a determination under section 50(3)(c) or 60(2) referring to a credit arrangement which—
 - (i) is of a description excluded by regulations made by the Secretary of State under paragraph 11(2) of Schedule 3 to the Act; and
 - (ii) was entered into for housing purposes.

(2) For the purposes of regulation 143, the authority's housing reduction in the last year is the aggregate of—

- (a) if the authority's housing component on the last day of the year before the last year is a positive amount, two per cent. of that amount; and
- (b) the amount, if any, by which the authority's adjusted credit ceiling was reduced during the last year by the setting aside of relevant amounts as provision to meet credit liabilities.

Determining the housing increase

145. For the purposes of regulation 143, the authority's housing increase in the last year is the amount, if any, by which their adjusted credit ceiling was increased during that year by the use of relevant credit approvals to any extent as mentioned in section 56(3) in respect of—

- (a) any expenditure for housing purposes; or
- (b) any credit arrangement entered into for housing purposes.

Increase in housing component where minimum revenue provision in the last year was nil

146. For the purposes of regulation 143, where the authority's minimum revenue provision for the last year was nil by virtue of paragraph 15(2) of Schedule 3 to the Act, the authority shall determine the amount which they would have set aside in the last year, if their credit ceiling on the last day of the year before the last year had been greater than nil, by virtue of—

- (a) regulation 134, in respect of any advances made for the purpose of meeting expenditure which, if it had been incurred after 1st April 1990, would have been for housing purposes; and

- (b) regulation 136, in respect of the use of supplementary credit approvals to any extent as mentioned in section 56(3) in respect of—
- (i) expenditure for housing purposes; and
 - (ii) credit arrangements entered into for housing purposes.

The non-housing component for subsequent financial years

Determining the non-housing component

147.—(1) For the purposes of regulation 141, the authority shall determine the non-housing component on the last day of the last year by deducting their non-housing reduction in the last year from the aggregate of—

- (a) their non-housing component on the last day of the year before the last year;
- (b) their non-housing increase in the last year; and
- (c) the amount, if any, determined in accordance with regulation 150.

(2) The authority’s non-housing component may, by virtue of paragraph (1), be nil or a negative amount.

Determining the non-housing reduction

148.—(1) In order to determine their non-housing reduction for the last year, the authority shall determine—

- (a) the total amount (“amount A”) by which their adjusted credit ceiling was reduced during the last year under paragraphs 12(1) and 14(1) of Schedule 3 to the Act;
- (b) the total amount (“amount B”) by which their adjusted credit ceiling was reduced during that year by the setting aside of any amounts determined under regulations 134 and 136; and
- (c) the amount (“amount C”) by which amount A exceeds amount B.

(2) For the purposes of regulation 147, the authority’s non-housing reduction in the last year is the amount, if any, by which amount C exceeds the housing reduction determined in accordance with regulation 144.

Determining the non-housing increase

149.—(1) In order to determine their non-housing increase for the last year, the authority shall determine the total amount by which their adjusted credit ceiling was increased during the last year—

- (a) by the use of relevant credit approvals to any extent as mentioned in section 56(3);
- (b) under paragraph 14(2) of Schedule 3 to the Act; and
- (c) under regulation 118.

(2) For the purposes of regulation 147, the authority’s non-housing increase in the last year is the amount determined in accordance with the formula

$$X - Y + Z$$

where—

- “X” means the total amount determined in accordance with paragraph (1);
- “Y” means the housing increase determined in accordance with regulation 145; and
- “Z” means the amount, if any, by which the housing reduction determined in accordance with regulation 144 exceeds the amount determined for amount C under regulation 148(1).

Increase in non-housing component where minimum revenue provision in the last year was nil

150. For the purposes of regulation 147, where the authority's minimum revenue provision for the last year was nil by virtue of paragraph 15(2) of Schedule 3 to the Act, the authority shall determine the amount which they would have set aside in the last year, if their credit ceiling on the last day of the year before the last year had been greater than nil, by virtue of—

- (a) regulation 134, in respect of any advances made for the purpose of meeting expenditure which, if it had been incurred after 1st April 1990, would have been for any purpose other than housing purposes; and
- (b) regulation 136, in respect of the use of supplementary credit approvals to any extent as mentioned in section 56(3) in respect of—
 - (i) expenditure for any purpose other than housing purposes; and
 - (ii) credit arrangements entered into for any purpose other than housing purposes.

The relevant amount

Relevant amount for financial year beginning 1st April 1997

151. The authority's relevant amount for the financial year beginning on 1st April 1997 shall be the amount determined to be the relevant amount for that year under paragraph 8 of Schedule 5 to the 1990 Regulations.

Relevant amount for subsequent financial years

152. Where the current year is the financial year beginning on 1st April 1998 or any subsequent financial year, the authority's relevant amount for the current year shall be an amount equal to their adjusted credit ceiling on the last day of the last year minus the amount, if any, determined by the authority under regulation 153.

Adjustment for certain amounts set aside under separate provision

153. The authority shall determine the amount by which amount A exceeds amount B where—

- (a) amount A is the aggregate of—
 - (i) so much of the amount determined in accordance with paragraph 8(1)(a) of Schedule 3 to the Act as relates to advances which are advances from a loans fund within the meaning given to that expression in regulation 134; and
 - (ii) so much of the amount of any supplementary credit approvals falling within section 54(5) as has been used by the authority as mentioned in section 56(3) in any financial year before the current year; and
- (b) amount B is the aggregate of—
 - (i) any amounts set aside by the authority in any financial year before the current year by virtue of regulation 134 and 136 or regulation 26(1)(b) and (c) of the 1990 Regulations; and
 - (ii) if, by virtue of paragraph 15(2) of Schedule 3 to the Act, the authority's minimum revenue provision for such a financial year is nil, the amounts which, by virtue of those regulations, the authority would have set aside in that year if their credit ceiling had been greater than nil.

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