

**1999 No. 501**

**LOCAL GOVERNMENT, ENGLAND AND WALES**

**The Local Authorities (Capital Finance) (Amendment)  
Regulations 1999**

<i>Made</i> - - - -	<i>2nd March 1999</i>
<i>Laid before Parliament</i>	<i>8th March 1999</i>
<i>Coming into force</i>	<i>1st April 1999</i>

The Secretary of State for the Environment, Transport and the Regions, in exercise of the powers conferred on him by sections 59(4) and (5) and 191(1) of the Local Government and Housing Act 1989(a), and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

**Citation and commencement**

1. These Regulations may be cited as the Local Authorities (Capital Finance) (Amendment) Regulations 1999, and shall come into force on 1st April 1999.

**Amendment of Regulations**

2. The Local Authorities (Capital Finance) Regulations 1997(b) shall be amended in accordance with the following regulations.

**Disposals of dwellings in exchange for certain flats**

3. In regulation 104, at the beginning of paragraph (3), after the words “are specified where” insert the words “the authority are a local authority in Wales, and”.

**Reduction of receipts by reference to costs of buying back dwelling-houses**

4. Insert the following regulation after regulation 104—

**“Reduction of receipts by reference to costs of buying back dwelling-houses**

**104A.—**(1) In this regulation—

“the current year”, in relation to any capital receipts, means the financial year in which the capital receipts are received;

“dwelling-house” has the same meaning as it has in Part V of the Housing Act 1985(c) (the right to buy);

“new town corporation”, “housing action trust” and “urban development corporation” have the same meaning as in section 80 of the Housing Act 1985(d); and

“the last year”, in relation to any capital receipts, means the financial year immediately preceding the current year.

---

(a) 1989 c. 42.

(b) S.I. 1997/319, to which there are amendments not relevant to these Regulations.

(c) 1985 c. 68. See section 183 of the Act.

(d) See section 4 of the Act.

- (2) In this regulation, an interest in land is a relevant interest if—
- (a) it is the freehold interest or a leasehold interest in a dwelling-house and is not acquired pursuant to a compulsory purchase order;
  - (b) the freehold interest or a leasehold interest in the dwelling-house has previously been disposed of by the authority, by another local authority, by a new town corporation, by a housing action trust, or by an urban development corporation; and
  - (c) the person from whom it is acquired is not a body of persons corporate or unincorporate.
- (3) Capital receipts of a description specified in paragraph (4) shall be treated for the purposes only of section 59 as reduced by an amount determined in accordance with paragraphs (5) and (6).
- (4) For the purposes of paragraph (3), capital receipts derived from a disposal of an interest in a dwelling-house are specified where—
- (a) the authority are a local authority in England;
  - (b) subject to a reduction under this regulation, a part of the capital receipts falls to be set aside by the authority as provision to meet credit liabilities;
  - (c) the reserved part is, or, but for any other provision of these Regulations, would be, 75 per cent. by virtue of section 59(2)(a); and
  - (d) the disposal meets the condition specified in regulation 84, or the authority make the disposal by granting a shared ownership lease (as defined in regulation 22(1)).
- (5) Subject to paragraph (6), the amount of the reduction for the purposes of paragraph (3) is A–B, where—
- A is 47 per cent. of the amount, if any, by which the total expenditure incurred by the authority in the last year on acquiring relevant interests in land (including the administrative costs of and incidental to any such acquisitions) exceeded the sum of £50,000; and
- B is the total amount, if any, by which capital receipts of the authority have already been reduced in the current year under this regulation.
- (6) The amount of the reduction shall not exceed the amount of the capital receipts.”.

Signed by authority of the Secretary of State for the Environment,  
Transport and the Regions

*Hilary Armstrong*  
Minister of State,  
Department of the Environment,  
Transport and the Regions

2nd March 1999

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

Section 59 of the Local Government and Housing Act 1989 requires a local authority to set aside part of a capital receipt (“the reserved part”) as provision to meet credit liabilities. The Local Authorities (Capital Finance) Regulations 1997 (the “1997 Regulations”) provide for different descriptions of capital receipts to be treated as reduced for the purposes of determining the reserved part. Regulation 4 amends the 1997 Regulations by inserting provision for a further reduction which a local authority in England may make in capital receipts derived from a disposal of dwellings. The reduction is determined by reference to costs incurred by the authority in the financial year preceding the year of the disposal in acquiring relevant interests in dwellings. An interest is a relevant interest if, among other things, it was previously held by the authority, another local authority, a new town corporation, a housing action trust or an urban development corporation.

In consequence of the amendment in regulation 4, regulation 3 amends regulation 104 of the 1997 Regulations so that it has effect only in relation to capital receipts received by a local authority in Wales.

**1999 No. 501**

**LOCAL GOVERNMENT, ENGLAND AND WALES**

**The Local Authorities (Capital Finance) (Amendment)  
Regulations 1999**

**£1.50**

© Crown copyright 1999

Printed and published in the UK by The Stationery Office Limited  
under the authority and superintendence of Carol Tullo,  
Controller of Her Majesty's Stationery Office and Queen's Printer of  
Acts of Parliament

WO 4188 3/99 ON (MFK)