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STATUTORY INSTRUMENTS

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**2000 No. 1773**

**LOCAL GOVERNMENT, ENGLAND**

**The Local Authorities (Capital Finance)  
(Amendment) (England) Regulations 2000**

<i>Made</i>	- - - -	<i>6th July 2000</i>
<i>Laid before Parliament</i>		<i>14th July 2000</i>
<i>Coming into force</i>	- -	<i>4th August 2000</i>

The Secretary of State for the Environment, Transport and the Regions, in exercise of the powers conferred upon him by paragraphs 10 and 15(1) of Schedule 3 to the Local Government and Housing Act 1989(1) hereby makes the following Regulations:

**Citation, commencement and extent**

1. These Regulations, which extend to England only(2), may be cited as the Local Authorities (Capital Finance) (Amendment) (England) Regulations 2000, and shall come into force on 4th August 2000.

**Amendment of Regulations**

2. The Local Authorities (Capital Finance) Regulations 1997(3) shall be amended in accordance with regulations 3 to 6 of these Regulations.

**Credit ceiling increased by use of amount set aside to pay premium**

3. Insert the following regulation after regulation 118—

**“Credit ceiling increased by use of amount set aside to pay premium**

**118A.**—(1) In this regulation “premium” means any amount payable to a lender by a borrower as a result of the repayment of a loan in advance of maturity other than an amount in respect of principal or interest.

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(1) 1989 c. 42.

(2) The Secretary of State can exercise the powers under paragraphs 10 and 15(1) of Schedule 3 only in relation to England: see article 2 of and Schedule 1 to the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I.1999/672).

(3) S.I. 1997/319.

(2) If an amount set aside is applied by a local authority, under section 64(1)(a), to pay any premium, the local authority's credit ceiling shall at the time that premium is paid be increased by an amount equal to the amount so applied.”.

**Credit ceiling reduced by payment by the Secretary of State to the Public Works Loan Commissioners**

4. Insert the following regulation after regulation 119—

**“Credit ceiling reduced by payment by the Secretary of State to the Public Works Loan Commissioners**

**119A.**—(1) In this regulation “qualifying disposal” has the same meaning as in section 135 of the Leasehold Reform, Housing and Urban Development Act 1993(4).

(2) Where, following a qualifying disposal of one or more dwelling houses by a local authority, the Secretary of State makes a payment, other than a payment under section 157, to the Public Works Loan Commissioners so as to reduce or extinguish such debt of that authority to those Commissioners as he thinks fit, that authority's credit ceiling shall at that time be reduced by an amount equal to the reduction in the debt, or as the case may be, to the amount of the extinguished debt (and, by virtue of this regulation, the credit ceiling may, accordingly, be a negative amount).”.

**Determining the non-housing reduction**

5. In regulation 148(1) at the end of sub-paragraph (a), insert “and under regulation 119A”.

**Determining the non-housing increase**

6. In regulation 149(1)—

- (a) in sub-paragraph (b) omit the word “and”; and
- (b) after sub-paragraph (c), insert  
“; and
- (d) under regulation 118A.”.

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

6th July 2000

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## EXPLANATORY NOTE

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

These regulations further amend the Local Authorities (Capital Finance) Regulations 1997. Regulation 3 provides that when an authority uses an amount set aside as provision to meet credit liabilities to pay a premium to a lender on the early repayment of a loan, the credit ceiling shall be increased by the amount so used. Regulation 5 provides that this increase shall be taken into account in determining the non-housing amount in calculating the Minimum Revenue Provision (“MRP”) the authority shall make. Regulation 4 provides that the credit ceiling shall be reduced by the amount of any payment made by the Secretary of State to the Public Works Loan Commissioners (other than a commuted payment under s 157) following a large scale voluntary transfer of houses by the authority. Regulation 6 provides that this reduction in the credit ceiling shall be taken into account in determining the “non-housing reduction” in the calculation of MRP.