

2002 No. 2298

LOCAL GOVERNMENT, ENGLAND

**The Local Authorities (Companies) (Amendment)
(England) Order 2002**

Made - - - - - *5th September 2002*

Laid before Parliament *9th September 2002*

Coming into force - - *30th September 2002*

The Secretary of State, in exercise of the powers conferred upon him by sections 39(5) to (7) of the Local Government and Housing Act 1989(a), hereby makes the following Order:

Citation, commencement and application

1.—(1) This Order may be cited as the Local Authorities (Companies) (Amendment) (England) Order 2002 and shall come into force on 30th September 2002.

(2) The amendments made by article 2 apply only in relation to local authorities in England.

Amendment of Order

2.—(1) The Local Authorities (Companies) Order 1995(b) (“the 1995 Order”) is amended as follows.

(2) In article 14 (application of Part IV: requirement for credit cover)—

(a) for paragraph (6) substitute—

“(6) In paragraph (5)(b)—

(a) the reference to a credit approval is a reference to a credit approval having effect for the financial year following the current year and which is—

(i) a basic credit approval or a supplementary credit approval issued or transferred to the authority; or

(ii) a credit approval treated as issued to the authority under Part IV by virtue of section 118 of the Greater London Authority Act 1999(c);

(b) the balance of a credit approval is that part of the approval with respect to which a determination has not been made under section 56(1).”;

(b) in paragraph (8), omit “basic”.

(3) For article 15 (application of Part IV: increase in the basic credit approval) substitute—

(a) 1989 c. 42. Section 39(1) (which prescribes the authorities to which Part IV of the Act applies) was amended by the Local Government (Wales) Act 1994 (c. 19), Schedule 16, paragraph 88; by the Police and Magistrates’ Courts Act 1994 (c. 29), sections 30 and 93 and Schedule 9; by the Environment Act 1995 (c. 25) sections 73 and 120, Schedule 10, paragraph 31 and 24; by the Police Act 1997 (c. 50) section 67; by the Access to Justice Act 1999 (c. 22) Schedule 12, paragraphs 4 and 5; by the Greater London Authority Act 1999 (c. 29) section 111; and by S.I. 1996/633. The relevant powers of the Secretary of State have been devolved, in relation to Wales, by the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672); see the reference to the Local Government and Housing Act 1989 in Schedule 1.

(b) S.I. 1995/849 amended by S.I. 1996/621, 2001/722 and 2001/3042.

(c) 1999 c. 29.

“Application of Part IV: increase in a credit approval

15.—(1) Where in a financial year (in this article referred to as “the current year”) a regulated company reduces its liabilities within the meaning of article 16, the provisions in Part IV as to credit approvals shall apply subject to the modification that the relevant authority may treat a relevant credit approval as increased by the amount relating to that company of the excess referred to in article 16(4).

(2) In paragraph (1), the reference to a relevant credit approval is a reference to a credit approval having effect for the financial year following the current year and which is—

- (a) a basic credit approval issued or transferred to the authority; or
- (b) a credit approval treated as issued to the authority under Part IV by virtue of section 118 of the Greater London Authority Act 1999.

(3) A relevant credit approval may be treated as increased under paragraph (1) notwithstanding that a determination has been made under section 56(1) with respect to the whole or any part of the amount of the approval, and, where the amount of a relevant credit approval is nil, the amount of the increase shall be treated as the amount of the approval.

(4) For the purposes of this article, where no amount of an aggregate credit approval or an additional credit approval has been specified for or allocated to an authority under sections 113 or 114 of the Greater London Authority Act 1999, the authority shall be deemed to have been issued with a relevant credit approval for a nil amount.”.

Transitional provision

3.—(1) This article has effect for the purpose of article 15 of the 1995 Order.

(2) In this article “relevant authority” means the Greater London Authority or a functional body within the meaning of the Greater London Authority Act 1999.

(3) Where, in the financial year ending on 31st March 2001 (“year one”), a regulated company reduced its liabilities within the meaning of article 16 of the 1995 Order, the relevant authority may treat a relevant credit approval having effect for the financial years ending on 31st March 2002 or 31st March 2003 as increased by the amount of the excess referred to in article 16(4) of the 1995 Order which arose in year one.

(4) Where, in the financial year ending on 31st March 2002 (“year two”), a regulated company reduced its liabilities within the meaning of article 16 of the 1995 Order, the relevant authority may treat a relevant credit approval having effect for the financial year ending on 31st March 2003 as increased by the amount of the excess referred to in article 16(4) of the 1995 Order which arose in year two.

(5) For the purposes of paragraph (3), where more than one relevant credit approval is treated as increased, the total increase shall not exceed the total excess which arose in year one.

Signed by authority of the First Secretary of State

5th September 2002

Nick Raynsford
Minister of State,
Office of the Deputy Prime Minister

EXPLANATORY NOTE

(This note is not part of the Order)

1.1. Part V of the Local Authorities (Companies) Order 1995 (“the 1995 Order”) applies the provisions of Part IV of the Local Government and Housing Act 1989 (revenue accounts and capital finance of local authorities), subject to modifications, to companies subject to the influence or control of local authorities. Articles 13 and 14 make provision for treating things done by or to such a company as if they were done by or to the local authority concerned, and in respect of such things (other than a reduction made in the company’s liabilities) require the authority to have available an amount of credit cover.

2. This Order amends Part IV of the 1995 Order so that it applies to the Greater London Authority and functional bodies (as provided for in the Greater London Authority Act 1999) in a similar way as it applies to other authorities.

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