

SCHEDULE 2

Article 3

Transitional Provisions and Savings**Local authorities discretionary expenditure**

1. Despite the repeal of section 137(4AA) of the Local Government Act 1972 (c. 70), article 2(2) of the Local Authorities (Discretionary Expenditure Limits) (Wales) Order 2000(1) is to remain in force.

Local Government and Housing Act 1989

2.—(1) Despite the repeal of those sections of and paragraphs of Schedule 3 to the Local Government and Housing Act 1989 (c. 42) in column (1) below the corresponding regulations in column (2) are to remain in force until 31st March 2004, and thereafter to the extent that the relevant provisions are saved by paragraph 2(2)(a) to (i) of this Schedule:

(1)	(2)
Section 66(1)(a)	The Local Authorities (Capital Finance) (Approved Investments) Regulations 1990(2) The Local Authorities (Capital Finance) (Approved Investments) (Amendment) Regulations 1991(3) The Local Authorities (Capital Finance) (Approved Investments) (Amendment) Regulations 1992(4)
Sections 40(5)(a), 49(3), 51(7), 59(3) and (5), 61(4), 64(2), 66(1)(a) and (6) and paragraphs 10, 15(1)(a) and 18(1) of Schedule 3	The Local Authorities (Capital Finance and Approved Investments) (Amendment) Regulations 1995(5)
Sections 40(5)(b), 42(4)(a), 49(3), 51(7), 58(9)(b), 59(3) and (5), 64(2), 66(1)(a) and paragraphs 10 and 15(1)(a) of Schedule 3	The Local Authorities (Capital Finance and Approved Investments) (Amendment No. 2) Regulations 1995(6)
Sections 48(5), 49(3), 58(9)(b), 59(3), (4) and (5), 61(4), 64(2), 66(1)(a) and paragraphs 10 and 15(1)(a) of Schedule 3	The Local Authorities (Capital Finance and Approved Investments) (Amendment) Regulations 1996(7)
Sections 40(5), 42(4), 48(1)(c) and (5), 49(3), 51(7), 57(1)(c), 58(4)(b) and (9), 59(3) to (5), 61(4), 64(2) and (5), 66(1)(a) and (6) and paragraphs 10, 11(2), 15(1)(a), 17, 18(1) and 20 of Schedule 3	The Local Authorities (Capital Finance) Regulations 1997(8)

(1) S.I.2000/990.

(2) S.I. 1990/426.

(3) S.I. 1991/501.

(4) S.I. 1992/1353.

(5) S.I. 1995/850.

(6) S.I. 1995/1982.

(7) S.I. 1996/568.

(8) S.I. 1997/319.

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(1)	(2)
Sections 48(1)(c), 49(3), 59(4) and 61(4)	The Local Authorities (Capital Finance) (Amendment) Regulations 1997 (9)
Sections 48(1)(c), 59(4) and paragraphs 15(1)(a) and 20 of Schedule 3	The Local Authorities (Capital Finance) (Amendment) Regulations 1998 (10)
Section 48(5)	The Local Authorities (Capital Finance) (Amendment) (No. 2) Regulations 1998 (11)
Sections 40(5)(a), 58(9)(a) and 59(3) and (5) and paragraph 15(1)(a) of Schedule 3	The Local Authorities (Capital Finance) (Amendment No. 3) Regulations 1998 (12)
Sections 59(4) and (5)	The Local Authorities (Capital Finance) (Amendment) (Wales) Regulations 1999 (13)
Sections 40(5)(a), 48(1)(c), 49(2), 59(4) and (5), 61(4) and 66(1)(a)	The Local Authorities (Capital Finance and Approved Investments) (Amendment) (Wales) Regulations 1999 (14)
Section 49(3)	The Local Authorities (Capital Finance) (Amendment) (Wales) Regulations 2000 (15)
Section 61(1)(a)	The Local Authorities (Approved Investments) (Amendment) (Wales) Regulations 2001 (16)
Section 58(9) and 66(1)(a)	The Local Authorities (Capital Finance and Approved Investments) (Amendment) (Wales) Regulations 2002 (17)
Section 66(1)(a)	The Local Authorities (Capital Finance) (Approved Investments) (Amendment) (No. 2) (Wales) Regulations 2002 (18)
Section 49(2)	The Local Authorities (Capital Finance) (Rate of Discount for 2003/2004) (Wales) Regulations 2003 (19)
Section 42(4)	The Local Authorities (Capital Finance) (Amendment) (Wales) Regulations 2003 (20)

- (a) (2) (a) Sections 39 (application of Part 4) and 66 (interpretation of Part 4) of the Local Government and Housing Act 1989 are to continue to have effect on and after 1st April 2004, as if those sections had not ceased to have effect or been repealed by virtue of the Act, for the purposes of the transitional provisions and savings in paragraphs (b) to (i) below.

(9) S.I. 1997/848.
(10) S.I. 1998/371.
(11) S.I. 1998/602.
(12) S.I. 1998/1937.
(13) S.I. 1999/501.
(14) S.I. 1999/1852.
(15) S.I. 2000/992.
(16) S.I. 2001/3731.
(17) S.I. 2002/885.
(18) S.I. 2002/1884.
(19) S.I. 2003/894.
(20) S.I. 2003/915.

- (b) Sections 40 to 42 of the Local Government and Housing Act 1989 (capital purposes and charge of expenditure to revenue account) are to continue to have effect in relation to expenditure incurred by a local authority before 1st April 2004 as if those sections had not ceased to have effect or been repealed by virtue of the Act.
- (c) Any direction made under section 40(6) of the Local Government and Housing Act 1989 (capital purposes) —
 - (i) In respect of expenditure which may be treated by the authority concerned as expenditure for capital purposes; and
 - (ii) In which the period specified under section 40(6)(d) ends on or after 1st April 2004, is to continue to have effect on and after 1st April 2004 as if it were a direction made under section 16(2)(b) of the Act (“capital expenditure”), and accordingly the expenditure referred to in the direction may be treated by the authority concerned as capital expenditure for the purposes of Chapter 1 of Part 1 of the Act.
- (d) Sections 54 to 57 of the Local Government and Housing Act 1989 (credit approvals) are to continue to have effect before 1st October 2004, as if they had not ceased to have effect or been repealed by virtue of the Act, for the purposes of any basic credit approval or supplementary credit approval issued before that date for a financial year, or period, beginning before 1st April 2004.
- (e) Sections 58, 59 and 61 of the Local Government and Housing Act 1989 (capital receipts) are to continue to have effect before 1st October 2004, as if they had not ceased to have effect or been repealed by virtue of the Act, for the purposes of section 60 of the Local Government and Housing Act 1989 (the usable balance of capital receipts).
- (f) Section 60 of the Local Government and Housing Act 1989 is to continue to have effect before 1st October 2004, as if it had not ceased to have effect or been repealed by virtue of the Act, for the purposes of any determination made under that section in respect of the usable part of the authority’s capital receipts that are to be applied before 1st April 2004.
- (g) Part 4 of Schedule 3 to the Local Government and Housing Act 1989 (minimum revenue provision) is to continue to have effect before 1st October 2004, as if it had not ceased to have effect or been repealed by virtue of the Act, for the purposes of section 63(1) of the Local Government and Housing Act 1989 (duty to set certain amounts aside as provision to meet credit liabilities).
- (h) Subsections (1) and (5) of section 63 of the Local Government and Housing Act 1989 are to continue to have effect before 1st October 2004, as if they had not ceased to have effect or been repealed by virtue of the Act, for the purposes of any determination under that section made before that date in relation to the financial year beginning on 1st April 2003.
- (i) Section 65 of the Local Government and Housing Act 1989 (information) is to continue to have effect on and after 1st April 2004, as if it had not ceased to have effect or been repealed by virtue of the Act, for the purposes of any information required by the National Assembly for Wales for any purpose specified in paragraph (a), (b) or (c) of subsection (1) insofar as it relates to any financial year beginning before 1st April 2004.

Capital Finance — Part 1 of the Act

3.—(1) Any credit arrangement —

- (a) within the meaning of section 48 of the Local Government and Housing Act 1989 (credit arrangements);
- (b) in existence immediately before 1st April 2004; and
- (c) which, if it had been entered into on 1st April 2004, would be a credit arrangement within the meaning of section 7 of the Act (“credit arrangements”),

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shall be treated as if it were a credit arrangement for the purposes of Chapter 1 of Part 1 of the Act (capital finance etc.).

- (2) The usable part of any capital receipt —
- (a) within the meaning of section 60(2) of the Local Government and Housing Act 1989 (the usable balance of capital receipts); and
 - (b) which is not applied by the local authority in any financial year beginning before 1st April 2004,

is to be treated as if it were a capital receipt within the meaning of section 9 of the Act (“capital receipt”) for the purposes of Chapter 1 of Part 1 of the Act.

Financial administration

4. Section 27 of the Act (budget calculations: report on inadequacy of controlled reserve) is not to apply in relation to calculations for the purpose of any financial year beginning before 1st April 2005.

Housing revenue account

5. Despite the coming into force of paragraph 33(3) of Schedule 7 to the Act, any direction made under item 9 in Part 1 of Schedule 4 to the Local Government and Housing Act 1989, which has effect for a financial year beginning on or after 1st April 2004 is to continue to have effect, as if it were made under item 9 as substituted by paragraph 33(3) of Schedule 7 to the Act.

Local retention of rates

6. Despite the coming into force of section 70 of the Act, the provisions in paragraphs 5(6) and (6A) of Schedule 8 to the Local Government Finance Act 1988 (c. 41) as they apply to any financial year ending on or before 31st March 2005 are to continue to operate as if the amendments to those paragraphs had not been made.