



# Local Government Act 1985

## 1985 CHAPTER 51

### PART VIII

#### FINANCIAL PROVISIONS

##### *New authorities*

#### 68 Precepts

- (1) A new authority may in respect of any financial year beginning after the date on which it is established issue precepts to the appropriate rating authorities for the levying of rates to meet all liabilities falling to be discharged by the authority for which provision is not otherwise made.
- (2) The appropriate rating authorities are—
  - (a) in the case of a joint authority, the rating authorities in the area for which it is established;
  - (b) in the case of the Inner London Education Authority, the rating authorities in the Inner London Education Area.
- (3) In section 12(1) of the General Rate Act 1967 (supplementary provisions about precepts) after the words "a county council," there shall be inserted the words " a joint authority established by Part IV of the Local Government Act 1985, the Inner London Education Authority" .
- (4) Part I of the Rates Act 1984 (selective limitation of rates and precepts) shall apply to the new authorities and accordingly in section 1(3) of that Act for paragraph (c) there shall be substituted—
  - (c) the Inner London Education Authority;
  - (cc) a joint authority established by Part IV of the Local Government Act 1985; and".
- (5) In section 2(6) of that Act (classes of authority to which common principles are to be applied in designation and in the determination of expenditure levels) the word "

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and " at the end of paragraph (e) shall be omitted and after paragraph (f) there shall be inserted—

- “(g) metropolitan county police authorities and the Northumbria Police Authority;
- (h) metropolitan county fire and civil defence authorities; and
- (i) metropolitan county passenger transport authorities.”

- (6) Each new authority shall be deemed for the purposes of Part I of that Act to have been designated under section 2 of that Act in relation to the financial year beginning on the abolition date and the two subsequent financial years; and—
- (a) the principles in accordance with which expenditure levels are determined for those years under section 3 of that Act may differ as between different new authorities ; and
  - (b) notwithstanding any order bringing section 10 of that Act (general limitation) into force before the end of those years, no new authority shall be treated as designated in relation to any of those years by virtue of that section.

## **69 Block grant**

- (1) The new authorities shall be local authorities for the purposes of block grant under Part VI of the Local Government, Planning and Land Act 1980 (rate support grant) for financial years beginning on or after the abolition date and accordingly that Act shall for those purposes have effect with the following amendments.
- (2) In section 53—
- (a) in subsection (5), in paragraph (f) the word " and " shall be omitted and after that paragraph there shall be inserted—  
“(ff) a joint authority ; and”; and
  - (b) at the end of subsection (6) there shall be inserted the words " and the area of a joint authority is the area for which the authority is established. " .
- (3) In section 54(8) for paragraph (a) of the definition of "rate fund " there shall be substituted—  
“(a) in relation to the Inner London Education Authority and any joint authority, means the general fund ;”.
- (4) In section 55(3), after paragraph (c), there shall be inserted “; or  
(d) to a joint authority.”.
- (5) In section 59(11)—
- (a) in paragraph (c)(i) for the words " subsection (6) (b) or (c) " there shall be substituted the words " paragraph (a), (b), (c) or (d) of subsection (6) " ; and
  - (b) after paragraph (c) there shall be inserted—  
“; and  
(d) as if paragraph (ff) referred to four classes, namely—  
(i) metropolitan county police authorities and the Northumbria Police Authority;  
(ii) metropolitan county passenger transport authorities;  
(iii) metropolitan county fire and civil defence authorities; and

(iv) the London Fire and Civil Defence Authority.”

- (6) At the end of section 68(1) there shall be inserted the words " and ' joint authority' means a joint authority established by Part IV of the Local Government Act 1985" .

## **70 Borrowing, lending and funds**

- (1) Paragraph 22 of Schedule 13 to the principal Act (borrowing, lending and funds) shall have effect with the following amendments, being amendments applying Part I of that Schedule to the new authorities.
- (2) In sub-paragraph (1), in the definition of " revenue fund " after the words " the general rate fund " there shall be inserted the words " , the general fund of a joint authority or the Inner London Education Authority" .
- (3) After sub-paragraph (2) there shall be inserted—
- “(3) In this Part of this Schedule " local authority " and " principal council" include a joint authority and the Inner London Education Authority, and those authorities shall be treated as county councils for the purposes of paragraph 5(2)(a) above.”

## **71 Interim borrowing powers**

- (1) Without prejudice to its borrowing powers by virtue of section 70 above but subject to subsection (2) below, a new authority may borrow by way of temporary loan or overdraft from a bank or otherwise any sums which it may require for the purpose of defraying its expenses before the abolition date.
- (2) The sums borrowed by an authority under this section shall not exceed such amount as the Secretary of State may determine and shall be repaid before the end of the financial year in which revenue is first received by the authority as a result of precepts issued by it under section 68 above.
- (3) Paragraph 12 of Schedule 13 to the principal Act (joint borrowing) shall apply to the power conferred by this section as it applies to the powers of borrowing conferred by Part I of that Schedule.

## **72 Accounts and audit**

- (1) Each new authority shall keep a fund to be known as the general fund; and all receipts of the authority shall be carried to that fund and all liabilities falling to be discharged by the authority shall be discharged out of that fund.
- (2) Accounts shall be kept of receipts carried to, and payments made out of, the general fund.
- (3) In section 12(2) of the Local Government Finance Act 1982 (accounts subject to audit) after paragraph (a) there shall be inserted—
- “(aa) a joint authority;
- (ab) the Inner London Education Authority ;”.
- (4) Nothing in subsection (1) above shall be construed as requiring or authorising an authority to apply or dispose of the surplus revenue arising from any undertaking

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carried on by it otherwise than in accordance with any enactment or instrument applicable to the undertaking.

### **73 Financial administration**

Each new authority shall make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs.

#### *Residuary bodies*

### **74 Levies**

- (1) A residuary body may in respect of any financial year beginning after the date on which it is established make levies on the rating authorities in its area to meet all liabilities falling to be discharged by it for which provision is not otherwise made.
- (2) The amount to be levied by a residuary body in respect of any financial year from each of the rating authorities in its area shall be determined by apportioning the total amount to be levied by that body in respect of that year between those authorities in proportion to the populations of their respective areas; and for that purpose the population of any area shall be taken to be the number estimated by the Registrar General and certified by him to the Secretary of State by reference to such date as the Secretary of State may from time to time direct.
- (3) A levy on a rating authority shall be made by issuing the authority with a demand stating the date or dates on or before which a payment or payments in respect of the levy are required to be made and the amount of that payment or each of those payments; and such demand must be issued, or information as to the amount to be subsequently demanded must be given, to a rating authority not less than twenty-one days before the beginning of the financial year to which the levy relates.
- (4) The following enactments—
  - (a) sections 11 and 12(8) and (9) of the General Rate Act 1967 (money to be raised by precepts and liability for interest where amount due under a precept is unpaid);
  - (b) section 15 of that Act (power to secure payment of precept) ; and
  - (c) section 14 of the Rates Act 1984 (information as to precepts and precepting authorities),
 shall apply to a levy issued by a residuary body and to such a body as they apply to a precept issued by a precepting authority and to such an authority taking the reference in section 11 to rates as a reference to levies and with the omission in subsection (1) of section 15 of the words " the rating authority have refused or through wilful neglect or wilful default failed to raise that amount by a rate, or that, having raised the amount by a rate " .
- (5) For the purposes of any other enactment (including in particular section 34 of the Local Loans Act 1875) any sum levied under this section shall be treated as money to be raised out of a rate.
- (6) In this section references to the area of a residuary body are references to the area for which it is established.

## **75 Borrowing and lending**

- (1) Subject to the provisions of this section, a residuary body shall be treated as a local authority for the purposes of Part I of Schedule 13 to the principal Act (borrowing, lending and funds).
- (2) In relation to a residuary body paragraph 5(2) and (3) of that Schedule (issue of bills limited by reference to income derived from rates) shall apply with the omission of the words " derived from rates " and with the omission in paragraph 5(2) of the words from " or, if no such proportion is so prescribed " onwards.
- (3) In relation to a residuary body paragraph 8 of that Schedule (power to borrow during fixed period for repaying loans) shall apply with the substitution for the words " during the fixed period " of the words " during such period as may be determined by the Secretary of State " .
- (4) Paragraphs 7, 9 and 15 to 19 of that Schedule shall not apply to a residuary body.

## **76 Interim borrowing powers**

- (1) Without prejudice to the borrowing powers of a residuary body by virtue of section 75 above but subject to subsection (2) below, a residuary body may borrow by way of temporary loan or overdraft from a bank or otherwise any sums which it may require for the purpose of defraying its expenses before the abolition date.
- (2) The sums borrowed by a residuary body under this section shall not exceed such amount as the Secretary of State may determine and shall be repaid before the end of the financial year in which revenue is first received by the body as a result of levies made by it under section 74 above.
- (3) Paragraph 12 of Schedule 13 to the principal Act (joint borrowing) shall apply to the power conferred by this section as it applies to the powers of borrowing conferred by Part I of that Schedule.

## **77 Treatment and distribution of capital and other money**

- (1) The Secretary of State may by order provide—
  - (a) that such part (if any) of any capital money received by a residuary body as is specified in the order shall be treated for the purposes of Part VIII of the Local Government, Planning and Land Act 1980 (capital expenditure of local authorities) as, or as forming part of, the capital receipts of any authority to which this subsection applies and which is specified in the order ;
  - (b) for the payment by a residuary body to any such authority of such part (if any) of any capital money received by that body as is specified in the order.
- (2) Subsection (1) above applies to any rating authority in the area for which the residuary body in question is established and to any new authority established for (or for an area which includes or is included in) that area.
- (3) An order under subsection (1) above may—
  - (a) apply only to capital money of a particular description or make different provision in relation to capital money of different descriptions ;
  - (b) apply only to some of the authorities to which that subsection applies or make different provision in relation to different authorities; and

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- (c) provide for the said Part VIII to apply in relation to any money which is the subject of an order under that subsection to such extent only or with such modifications as may be provided by the order.
- (4) A residuary body may in any financial year distribute among the rating authorities in the area for which it is established any money (other than capital money) for the time being in the hands of that body; and any such distribution shall be in the same proportions as those that would apply to a levy made by it on those authorities in respect of that year.
- (5) In this section " capital money" means money of such description as may be specified for the purposes of this section by an order made by the Secretary of State.

## **78 Accounts**

- (1) A residuary body shall keep proper accounts and proper records in relation to them.
- (2) A residuary body shall prepare a statement of accounts in respect of each financial year.
- (3) The statement shall comply with any directions given by the Secretary of State, with the consent of the Treasury, as to the information to be contained in the statement, the manner in which the information is to be presented or the methods and principles according to which the statement is to be prepared.
- (4) Without prejudice to section 65 above the Secretary of State may give directions to a residuary body requiring it—
  - (a) to keep accounts in respect of such matters and records relating to them as may be specified in the direction; and
  - (b) to comply with such methods and principles as may be so specified with respect to any accounts or records kept by that body;and it shall be the duty of a residuary body to comply with any such directions.

## **79 Audit**

- (1) The accounts of a residuary body shall be included among those which are required to be audited in accordance with Part III of the Local Government Finance Act 1982 and, subject to subsection (2) below, that Part shall accordingly have effect in relation to any such body and its accounts.
- (2) Sections 15(1)(a), 17, 19, 20, 22, 23 and 24 of that Act shall not apply in relation to a residuary body or its accounts.
- (3) At each audit by an auditor under Part III of the said Act of 1982 of the accounts of a residuary body any local government elector for any area to which the accounts to be audited relate may inspect those accounts and all books, deeds, contracts, bills, vouchers and receipts relating to them and make copies of all or any part of the accounts and those other documents.
- (4) At the request of any such local government elector, the auditor shall give the elector, or any representative of his, an opportunity to question the auditor about those accounts or to draw his attention to any matter on which he could make a report under section 15(3) of the said Act of 1982.

- (5) As soon as the audit of the accounts of a residuary body has been concluded a copy of any statement prepared by that body for the accounting year in question under section 78(2) above, together with a copy of any report made by the auditor on the statement or on the accounts shall be sent by the body to the Secretary of State who shall lay a copy of the statement and report before each House of Parliament.
- (6) Any person, on application to a residuary body, shall be entitled—
  - (a) to inspect and make copies of any statement prepared by it under section 78(2) above and any report made by an auditor on the statement or on the accounts of that body; and
  - (b) to be furnished with copies of any such statement or report on payment of such reasonable sum as the body may determine.
- (7) Any document which a person is entitled to inspect under subsection (3) or (6) above may be inspected by him at all reasonable times and without payment.
- (8) Subsection (2) above shall not have effect so as to exclude the provisions there mentioned from Part III of the said Act of 1982 as applied by section 63 above and references to the accounts of a residuary body in subsections (3) to (6) above do not include references to any accounts in respect of which it has functions under that section.

#### *Transitional provisions*

### **80 Transitional provisions relating to block grant and expenditure levels**

- (1) For the purposes of section 59(6)(a) of the Local Government, Planning and Land Act 1980 and section 8(3)(a) of the Local Government Finance Act 1982 in their application to block grant payable to a relevant authority for the year beginning with the abolition date there shall be deemed to have been payable to that authority in the previous year block grant of such an amount as may be determined by the Secretary of State.
- (2) In relation to block grant payable for the year beginning with the abolition date the principles mentioned in section 59(11 A) of the said Act of 1980 and those mentioned in section 8(6) of the said Act of 1982 need not be the same for all relevant authorities.
- (3) Notwithstanding subsection (2) of section 3 of the Rates Act 1984 the principles in accordance with which the Secretary of State exercises his power under that section to determine a level for the total expenditure of a relevant authority in the year beginning with the abolition date may differ from those applied by him in the case of any other relevant authority.
- (4) In this section " relevant authority " means a metropolitan district council, a London borough council, the Common Council, a new authority and any other authority which the Secretary of State, having regard to any transfer of functions or property to that authority under or by virtue of this Act, may by order designate as a relevant authority for the purpose of this section.

### **81 Transitional functions of residuary bodies in respect of block grant**

- (1) Any payment which by virtue of any provision of Part VI of the Local Government, Planning and Land Act 1980 would but for this Act have fallen to be made on or after

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the abolition date by or to the Greater London Council or the council of a metropolitan county in respect of block grant payable for a year ending before that date shall instead be made by or to the appropriate residuary body.

- (2) Any information, notice, representation or request under section 65, 66 or 67 of that Act which but for this Act would have fallen to be given or made by or to the Greater London Council or the council of a metropolitan county on or after the abolition date in respect of block grant payable for a year ending before that date shall instead be given or made by or to the appropriate residuary body.
- (3) In relation to the Greater London Council in its capacity as the Inner London Education Authority, for references to the appropriate residuary body in subsections (1) and (2) above there shall be substituted references to the body which by virtue of section 18 above will become the Inner London Education Authority on the abolition date.

## **82 Transitional provisions for interim authorities**

- (1) As respects anything falling to be done before the abolition date in relation to the financial year beginning on that date references in sections 68 and 69 above and in the enactments which they amend to the Inner London Education Authority and the Northumbria Police Authority shall be construed respectively as references to the Inner London Interim Education Authority and the Northumbria Interim Police Authority; and references to the Inner London Education Authority in sections 70 and 72 above shall, as respects any time before the abolition date, be construed as references to the Inner London Interim Education Authority.
- (2) This Act does not affect Part I of the Rates Act 1984 in its application, for any financial year ending before the abolition date, to the existing Inner London Education Authority, that is to say, that Authority within the meaning of section 30 of the London Government Act 1963.

### *London rate equalisation*

## **83 London rate equalisation schemes**

- (1) In section 66(2) of the London Government Act 1963 (schemes for equalisation of rates by the making of contributions by rating authorities in Greater London to other such authorities) for the words after " to other such authorities " there shall be substituted the words " either directly or in such other manner as the scheme may provide ; and in determining the amount of a rating authority's contribution the Minister may have regard to any expenditure which that authority incurs in carrying out functions for the benefit of some or all of the other rating authorities. "
- (2) After section 63 of the Local Government, Planning and Land Act 1980 there shall be inserted—

### **“63A Adjustment of block grant for rates equalisation contribution.**

- (1) Where in any year a local authority is entitled to receive a contribution under a scheme made by virtue of section 66 of the London Government Act 1963 (equalisation of rates) the amount of any block grant payable to the authority for that year shall, if the Secretary of State so determines, be reduced by



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an amount equal to that contribution or by such lesser amount as he may determine.

(2) Subsection (5) of section 61 above shall not apply to any exercise of the power conferred by subsection (3) of that section in respect of a determination under this section.”

(3) This section has effect in relation to any financial year beginning on or after the abolition date.