



# Local Government Finance Act 1988

## 1988 CHAPTER 41

### PART V

#### GRANTS

##### *Introduction*

#### **76 Interpretation**

- (1) This section applies for the purposes of this Part.
- (2) Each of the following is a receiving authority—
  - (a) a charging authority, and
  - (b) in the application of this Part to Wales, a county council.
- (3) Each of the following is a notifiable authority (and is accordingly entitled to receive certain information and copies of certain documents as provided in this Part)—
  - (a) a charging authority,
  - (b) a county council,
  - (c) a metropolitan county police authority,
  - (d) the Northumbria Police Authority,
  - (e) a metropolitan county fire and civil defence authority,
  - (f) the London Fire and Civil Defence Authority, and
  - (g) the Receiver for the Metropolitan Police District.
- (4) A specified body is any body which provides services for local authorities and is specified in regulations made by the Secretary of State under this subsection; but a body is not a specified body as regards a financial year unless the regulations specifying it are in force before the year begins.
- (5) Before exercising the power to make regulations under subsection (4) above the Secretary of State shall consult such representatives of local government as appear to him to be appropriate.

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- (6) Any regulations made under section 2(7) of the Local Government Act 1974 or section 56(9) of the Local Government, Planning and Land Act 1980 shall have effect for the purposes of subsection (4) above as if they had been made under it.

## **77 Information**

- (1) The Secretary of State may serve on a charging authority or precepting authority a notice requiring it to supply to him such information as is specified in the notice and required by him for the purpose of deciding whether to exercise his powers, and how to perform his functions, under this Part.
- (2) The authority shall supply the information required if it is in its possession or control, and shall do so in such form and manner, and at such time, as the Secretary of State specifies in the notice.
- (3) If an authority fails to comply with subsection (2) above the Secretary of State may assume the information required to be such as he sees fit if he informs the authority concerned of his intention to make the assumption; and in such a case he may decide in accordance with the assumption whether to exercise his powers, and how to perform his functions, under this Part.
- (4) In deciding whether to exercise his powers, and how to perform his functions, under this Part the Secretary of State may also take into account any other information available to him, whatever its source and whether or not obtained under a provision contained in or made under this or any other Act.
- (5) This section shall have effect before 1 April 1990 as if after “precepting authority” in subsection (1) there were inserted “or the Inner London Education Authority”.

### *Revenue support grant*

## **78 Revenue support grant**

- (1) For each chargeable financial year the Secretary of State shall pay a grant (to be called revenue support grant) to receiving authorities and specified bodies in accordance with this Part.
- (2) For each chargeable financial year the Secretary of State shall make a determination under this section.
- (3) A determination shall state—
- the amount of the grant for the year,
  - what amount of the grant he proposes to pay to receiving authorities, and
  - what amount of the grant he proposes to pay to each specified body.
- (4) Different amounts may be stated under subsection (3)(c) above in relation to different specified bodies.
- (5) Before making a determination the Secretary of State shall—
- consult such representatives of local government as appear to him to be appropriate, and
  - obtain the Treasury’s consent.

- (6) A determination shall be specified in a report (to be called a revenue support grant report) and the report shall be laid before the House of Commons.
- (7) As soon as is reasonably practicable after the report is laid before the House of Commons the Secretary of State shall send a copy of it to each notifiable authority.

## **79 Effect of report's approval**

- (1) This section applies where in accordance with section 78 above a determination as regards revenue support grant has been made for a financial year and specified in a report which has been laid before the House of Commons.
- (2) If the report is approved by resolution of the House of Commons the Secretary of State shall pay the amount stated in the determination as the amount of the revenue support grant for the year.
- (3) The Secretary of State shall pay to receiving authorities the amount stated in the determination under section 78(3)(b) above, and shall pay to specified bodies the aggregate of the amounts stated in the determination under section 78(3)(c) above.
- (4) The amount falling to be paid to receiving authorities shall be distributed among and paid to them in accordance with sections 80 to 83 below or sections 80 to 84 below (as the case may be).
- (5) The amount to be paid to a particular specified body shall be the amount stated in relation to it under section 78(3)(c) above.
- (6) Where a sum falls to be paid to a specified body by way of revenue support grant it shall be paid at such time, or in instalments of such amounts and at such times, as the Secretary of State determines with the Treasury's consent; and any such time may fall within or after the financial year concerned.

## **80 Distribution reports**

- (1) The Secretary of State shall make a report containing the basis on which he proposes (subject to any report under section 84 below) to distribute among receiving authorities those amounts of revenue support grant which fall to be paid to such authorities under this Part.
- (2) Before making the report the Secretary of State shall notify to such representatives of local government as appear to him to be appropriate the general nature of its intended contents.
- (3) The report shall be laid before the House of Commons.
- (4) As soon as is reasonably practicable after the report is laid before the House of Commons the Secretary of State shall send a copy of it to each notifiable authority.
- (5) After making the report the Secretary of State may make a further report or reports, and any such report—
  - (a) may replace any previous report under this section, or
  - (b) may amend any previous report under this section.

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- (6) A report under subsection (5)(a) above shall contain a revised basis on which the Secretary of State proposes (subject to any report under section 84 below) to distribute the amounts mentioned in subsection (1) above.
- (7) A report under subsection (5)(b) above shall contain amendments to the basis of distribution contained in the report which it amends.
- (8) Subsections (2) to (4) above shall apply to any report under subsection (5) above as they apply to one under subsection (1) above.
- (9) A report under this section shall state the day on which it is to come into force and the first financial year for which it is to operate.

## **81 Effect of distribution reports**

- (1) This section applies where in accordance with section 80 above a report has been made and laid before the House of Commons.
- (2) If the report is approved by resolution of the House of Commons it shall come into force on the day stated in the report.
- (3) If the report is made under section 80(1) or (5)(a), on and after the day it comes into force the basis it contains shall have effect as regards revenue support grant payable for all chargeable financial years beginning with the first financial year for which it states it is to operate; but this is subject to the effect of any subsequent report under section 80(5).
- (4) If the report is made under section 80(5)(b), on and after the day it comes into force the basis it amends read subject to the amendments shall have effect as regards revenue support grant payable for all chargeable financial years beginning with the first financial year for which it states it is to operate; but this is subject to the effect of any subsequent report under section 80(5).

## **82 Calculation of sums payable**

- (1) As soon as is reasonably practicable after a revenue support grant report for a financial year has been approved by resolution of the House of Commons, the Secretary of State shall calculate what sum falls to be paid to each receiving authority by way of revenue support grant for the year in accordance with the basis of distribution for the time being effective (as regards grant payable for the year) under section 81 above.
- (2) At any time after making a calculation under subsection (1) above the Secretary of State may make one further calculation of what sum falls to be paid to each receiving authority by way of revenue support grant for the year in accordance with the basis of distribution for the time being effective (as regards grant payable for the year) under section 81 above.
- (3) If the Secretary of State decides that he will leave out of account information received by him after a particular date in making a calculation under subsection (1) or (2) above the calculation shall be made accordingly.
- (4) Subsection (3) above applies only if the Secretary of State informs each notifiable authority in writing of his decision and of the date concerned; but he may do this at any time before the calculation is made under this section (whether before or after a determination is made for the year under section 78 above).

- (5) As soon as is reasonably practicable after making a calculation under subsection (1) or (2) above the Secretary of State shall—
- (a) inform each receiving authority of the sum he calculates falls to be paid to it by way of revenue support grant for the year, and
  - (b) inform each authority falling within section 76(3)(b) to (g) above of the sum he calculates falls to be paid by way of revenue support grant for the year to any receiving authority to which it has power to issue a precept.
- (6) Subsection (5)(b) above shall not have effect in the application of this Part to Wales.

### **83 Payment of sums**

- (1) Where a calculation is made under section 82(1) above the Secretary of State shall pay to each receiving authority any sum calculated as falling to be paid to it.
- (2) The sum shall be paid in instalments of such amounts, and at such times in the financial year concerned, as the Secretary of State determines with the Treasury's consent.
- (3) Where a calculation is made under section 82(2) above and the sum it shows as falling to be paid to a receiving authority exceeds that shown as falling to be paid to it by the calculation for the financial year concerned under section 82(1) above, the Secretary of State shall pay to the authority a sum equal to the difference.
- (4) The sum shall be paid at such time, or in instalments of such amounts and at such times, as the Secretary of State determines with the Treasury's consent; but any such time must fall after the end of the financial year concerned.
- (5) Where a calculation is made under section 82(2) above and the sum it shows as falling to be paid to a receiving authority is less than that shown as falling to be paid to it by the calculation for the financial year concerned under section 82(1) above, a sum equal to the difference shall be paid by the authority to the Secretary of State on such day after the end of the financial year concerned as he may specify; and if it is not paid on or before that day it shall be recoverable in a court of competent jurisdiction.

### **84 Special provision for transitional years**

- (1) The Secretary of State may lay before the House of Commons a report containing provision about—
- (a) the calculation under section 82(1) above for a transitional year, and
  - (b) any calculation under section 82(2) above for such a year;
- and the following provisions of this section shall apply to the report (if any).
- (2) The report shall provide that the basis of distribution in accordance with which such a calculation is to be made shall be the basis which would have applied (apart from the report) but read subject to adjustments set out in the report.
- (3) The report—
- (a) must be laid before the beginning of the first transitional year;
  - (b) must contain provision for each transitional year;
  - (c) may make different provision for different transitional years or different authorities.

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- (4) As soon as is reasonably practicable after the report is laid before the House of Commons the Secretary of State shall send a copy of it to each notifiable authority.
- (5) If the report has been laid in accordance with this section, and is approved by resolution of the House of Commons, subsection (6) below shall have effect as regards a transitional year.
- (6) The basis of distribution in accordance with which—
  - (a) the calculation under section 82(1) above, and
  - (b) any calculation under section 82(2) above, is to be made for the year shall be the basis which would have applied (apart from the report) but read subject to adjustments set out for the year in the report.
- (7) Subject to subsection (6) above, the provisions of this Act relating to any such calculation shall apply as they apply to a calculation made, or falling to be made, in accordance with an unadjusted basis.
- (8) In deciding whether to lay a report, and in deciding its contents, the Secretary of State may make such assumptions and estimates as he sees fit as to income, expenditure, balances and other matters (financial or otherwise) in relation to receiving authorities and other bodies, whether as regards any transitional year or otherwise.

#### *Additional grant*

### **85 Additional grant**

- (1) This section applies where a revenue support grant report for a chargeable financial year has been approved by the House of Commons, and before the year ends the Secretary of State forms the view that fresh circumstances affecting the finances of local authorities have arisen since the approval.
- (2) For the year concerned the Secretary of State may pay a grant (to be called additional grant) to receiving authorities in accordance with this Part.
- (3) Where the Secretary of State proposes to pay additional grant for a financial year he shall make a determination under this section.
- (4) A determination shall state—
  - (a) the amount of the grant for the year, and
  - (b) the basis on which he proposes to distribute it among receiving authorities.
- (5) Before making a determination the Secretary of State shall obtain the Treasury's consent.
- (6) A determination shall be specified in a report and the report shall be laid before the House of Commons.
- (7) As soon as is reasonably practicable after the report is laid before the House of Commons the Secretary of State shall send a copy of it to each notifiable authority.

## **86 Effect of report's approval**

- (1) This section applies where in accordance with section 85 above a determination as regards additional grant has been made for a financial year and specified in a report which has been laid before the House of Commons.
- (2) If the report is approved by resolution of the House of Commons—
  - (a) the Secretary of State shall pay the amount stated in the determination as the amount of the additional grant for the year, and
  - (b) the amount shall be distributed on the basis stated in the determination.
- (3) Where a sum falls to be paid to a receiving authority by way of additional grant it shall be paid at such time, or in instalments of such amounts and at such times, as the Secretary of State determines with the Treasury's consent; and any such time may fall within or after the financial year concerned.
- (4) The Secretary of State may direct a receiving authority to which he pays any sum by way of additional grant to pay all or such part of the sum as he may specify to such relevant precepting authority or authorities as he may specify.
- (5) For the purposes of subsection (4) above an authority is a relevant precepting authority in relation to a receiving authority if it has power to issue a precept to the receiving authority.
- (6) Subsections (4) and (5) above shall not have effect in the application of this Part to Wales.

### *Transport grants*

## **87 Transport grants**

- (1) The Secretary of State shall pay to a defined council a grant for a chargeable financial year if he accepts that at least some of its estimated relevant transport expenditure for the year is appropriate to be taken into account for the purposes of this section.
- (2) The amount of the grant shall be a proportion of so much of the council's estimated relevant transport expenditure for the year as he accepts under subsection (1) above.
- (3) The proportion shall be such as is determined for the year by the Secretary of State and shall be the same as regards each council to which a grant is paid for the year under this section.
- (4) A grant under this section shall be paid at such time, or in instalments of such amounts and at such times, as the Secretary of State thinks fit; and any such time need not fall within the financial year concerned.
- (5) In deciding whether to accept any of a council's estimated relevant transport expenditure for a financial year under subsection (1) above, and how much of it to accept, the Secretary of State may have regard to the following matters (in addition to any other matters he thinks fit)—
  - (a) whether the council's relevant transport expenditure for any preceding financial year or years is greater or smaller than its estimated relevant transport expenditure for that year or those years;
  - (b) the extent (if any) to which it is greater or smaller.

- (6) The total accepted under subsection (1) above as regards all defined councils for a particular financial year shall not exceed such amount as is approved by the Treasury for the year.

**88 Transport grants: supplementary**

- (1) This section applies for the purposes of section 87 above.
- (2) Each of the following is a defined council—
- (a) a county council,
  - (b) a metropolitan district council,
  - (c) a London borough council, and
  - (d) the Common Council.
- (3) A council's relevant transport expenditure for a financial year is the expenditure it calculates it incurred in the year in connection with—
- (a) highways or the regulation of traffic (where the council is English), or
  - (b) highways, the regulation of traffic or public transport (where the council is Welsh).
- (4) But in making the calculation expenditure shall be left out of account unless, at the time the calculation is made, it is prescribed expenditure for the purposes of Part VIII of the Local Government, Planning and Land Act 1980.
- (5) A council's estimated relevant transport expenditure for a financial year is the expenditure it estimates it will incur in the year in connection with—
- (a) highways or the regulation of traffic (where the council is English), or
  - (b) highways, the regulation of traffic or public transport (where the council is Welsh).
- (6) But in making the estimate expenditure shall be left out of account unless, at the time the estimate is made, it is prescribed expenditure for the purposes of Part VIII of the Local Government, Planning and Land Act 1980.