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 STATUTORY INSTRUMENTS
 

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1981 No. 348

## LOCAL GOVERNMENT, ENGLAND AND WALES

**The Local Government (Prescribed Expenditure) Regulations 1981**

*Made* - - - - 6th March 1981

*Laid before Parliament* 11th March 1981

*Coming into Operation* 1st April 1981

The Secretary of State for the Environment in relation to England, and the Secretary of State for Wales, in relation to Wales, in exercise of the powers conferred on them by sections 72(3), 75(5) and 84 of, and paragraphs 2 and 4 of Schedule 12 to, the Local Government, Planning and Land Act 1980(a) and of all other powers enabling them in that behalf, hereby make the following regulations:—

*Title and commencement*

1. These regulations may be cited as the Local Government (Prescribed Expenditure) Regulations 1981 and shall come into operation on 1st April 1981.

*Interpretation*

2. In these regulations:—

- “the Act” means the Local Government, Planning and Land Act 1980;
- “authority” means an authority to whose prescribed expenditure Part VIII of the Act applies;
- “highway authority” has the meaning ascribed to it in section 1(2) and (3) of the Highways Act 1980(b);
- “housing association” has the meaning ascribed to it by section 189(1) of the Housing Act 1957(c); and
- “shared ownership tenancy” means a tenancy where the purchaser acquires a leasehold interest for a premium calculated by reference to a portion of the value of the dwelling and the provisions of the Leasehold Reform Act 1967(d) do not apply by virtue of section 140 of the Housing Act 1980(e).

*Prescribed proportions of capital receipts*

3. In relation to the classes of assets, grants and advances described in column 1 of Schedule 1 to these regulations the proportion set opposite thereto in column 2 of that Schedule shall be the prescribed proportions of an authority's net capital receipts in respect of the disposal of assets, or the repayment of grants and advances within any of those classes in any year for the purposes of section 72(3)(d) of the Act.

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(a) 1980 c. 65.

(b) 1980 c. 66.

(c) 1957 c. 56; section 189(1) was amended by paragraph 6 of Schedule 13 to the Housing Act 1974(c. 44).

(d) 1967 c. 88.

(e) 1980 c. 51.

*Disposals in relation to a class of assets not to be treated as capital receipts for the purposes of section 75(2)*

4.—(1) A leasehold interest in—

- (a) a dwelling-house held under Part V of the Housing Act 1957, or
- (b) any other land

shall be treated as if it were not mentioned in section 75(2) of the Act unless, in the case of an interest described in sub-paragraph (b) above, on the acquisition of the interest or any superior interest an authority are treated as having made payments in respect of prescribed expenditure calculated in accordance with section 80 of the Act.

(2) In this regulation a leasehold interest means—

- (a) an interest granted for a period not exceeding twenty years which is not capable of being renewed or extended so that the interest and any renewal or extension together exceed twenty years,
- (b) if it is granted to commence on the expiry of another, an interest, which together with any interests previously acquired by the authority, does not exceed twenty years in duration, and
- (c) in the case of an interest described in sub-paragraph (a) of paragraph (1) above, a periodic tenancy.

*Sums to be treated as capital receipts*

5. The sums received by an authority which are specified in Schedule 2 to these regulations shall be capital receipts for the purposes of Part VIII of the Act.

*Expenditure not to be prescribed expenditure*

6.—(1) The amount prescribed for the purposes of paragraph 2 of Schedule 12 to the Act is £5,000.

(2) Expenditure incurred in any circumstances, or for any purposes, specified in Schedule 3 to these regulations shall not be prescribed expenditure.

Regulation 3

# SCHEDULE 1

## PRESCRIBED PROPORTIONS OF NET CAPITAL RECEIPTS

Column 1	Column 2
1. A dwelling-house normally let or available for letting (whether under Part V of the Housing Act 1957 or any other power) other than a dwelling-house let on a shared ownership tenancy ... ..	50%
2. An advance granted to enable a person— (a) to acquire other than from an authority an interest in a dwelling-house, or (b) to improve a dwelling-house ... ..	50%
3. A grant or advance made to a housing association ...	1%

## SCHEDULE 2

## Regulation 5

## SUMS TO BE TREATED AS NET CAPITAL RECEIPTS

1. Any payment to an authority under an agreement made under section 52 of the Town and Country Planning Act 1971(a) or section 37 of the Town and Country Planning Act 1962(b).
2. Any payment to an authority under Part IX of the Highways Act 1959(c) or Part XI of the Highways Act 1980(d).
3. Any payment to an authority in accordance with an agreement made under section 60 of the Highways Act 1971(e) or section 278 of the Highways Act 1980.
4. Any payment to an authority of damages or compensation pursuant to an order or judgement of a court or an agreement for the compromise of any legal proceedings or by way of settlement of any claim for expenses against a person by an authority under any default power.
5. The proceeds of any lottery promoted by a local authority under the Lotteries and Amusements Act 1976(f) after the deduction of the expenses of promoting it and the sums required for prizes.
6. Any payment to an authority by way of gift or bequest.
7. Any payment to a highway authority by the Minister of Transport or the Secretary of State under any agency arrangement whereby the authority discharges any functions of the Minister or Secretary of State as a highway authority for the purposes of section 1(1) of the Highways Act 1959 or the Highways Act 1980, to the extent that the payment is used to finance a payment in respect of prescribed expenditure.
8. Any payment by an undertaker to a highway authority, as respectively defined for the purposes of the Public Utilities Street Works Act 1950(g), under any provision of that Act.
9. Any payment made by a displacing authority to a rehousing authority, as respectively defined in section 42 of the Land Compensation Act 1973(h), in accordance with that section of that Act.
10. Any payment to an authority by a district or an area health authority to the extent that such a payment is used to finance a payment in respect of prescribed expenditure.

## SCHEDULE 3

## Regulation 6

## EXPENDITURE WHICH IS NOT TO BE PRESCRIBED EXPENDITURE

1. Expenditure for the purposes of the police, probation and after care or magistrates court services.
2. Expenditure on the acquisition of an interest or right in any vehicle, vessel, item of plant, machinery or apparatus where the agreement for the acquisition of that interest or right does not entitle the authority to the immediate or future property in such an item.

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(a) 1971 c. 78.	(b) 1962 c. 38.	(c) 1959 c. 25.
(d) 1980 c. 66.	(e) 1971 c. 41.	(f) 1976 c. 32.
(g) 1950 c. 39.	(h) 1973 c. 26.	

3.—(1) Expenditure on the acquisition of a leasehold interest in land except where it is intended at the time of acquisition that some person shall erect a building on the land for the authority.

(2) In this paragraph a leasehold interest means—

- (a) an interest granted for a period not exceeding twenty years which is not capable of being renewed or extended so that the interest and any renewal or extension together exceed twenty years, and
- (b) if it is granted to commence on the expiry of another, the interest, together with any interests previously acquired by the authority, does not exceed twenty years in duration.

4. Expenditure incurred after 1st April 1981 on the acquisition of land, including buildings or structures on land, where the land was acquired under a contract entered into before 1st April 1980.

5. Expenditure on the construction improvement or widening of any highway in relation to a project which is the subject of a grant from the Secretary of State under section 272 of the Highways Act 1980 which represents 100 per cent. of the cost of the project.

6. Any payment by a county council to a new town development corporation or to the Commission for New Towns for the purpose of constructing, improving or widening any road in the area of a new town.

7. Expenditure of any description mentioned in paragraph 1 of Schedule 12 to the Act to the extent that it is met by a grant from the Welsh Development Agency under section 16(3) of the Welsh Development Agency Act 1975(a).

8. Any payment by an authority to a water authority insofar as it is met by a grant to the authority for that purpose from the Land Settlement Association Limited.

9. Expenditure of any description mentioned in paragraph 1 of Schedule 12 to the Act insofar as it is met by a payment received under a contract of insurance against the loss, damage or destruction of that item, or is defrayed from an insurance or contingency fund maintained by that authority.

10. Expenditure on the improvement of any highway where the improvement does not have the effect of—

- (a) widening the carriageway of any road by more than 0.25 metres,
- (b) significantly changing the alignment of the carriageway of any road,
- (c) substantially improving the standard of the road, or
- (d) providing new traffic signals other than by the replacement of existing traffic signals.

11. Expenditure on any grant or advance to the owner of an historic building insofar as it is met by a grant or advance from the Secretary of State under section 4 or 6 of the Historic Buildings and Ancient Monuments Act 1953(b) or section 10 or 10B of the Town and Country Planning (Amendment) Act 1972(c).

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(a) 1975 c. 70.

(b) 1953 c. 49.

(c) 1972 c. 42; section 10B was inserted by paragraph 28 of Schedule 15 to the Local Government, Planning and Land Act 1980.

12. Expenditure by the Common Council of the City of London which is defrayed out of the following funds—

- (a) the Bridge House Estates, or
- (b) City's Cash, except expenditure by the Common Council as a local authority, police authority or port health authority.

*Michael R. D. Heseltine,*  
Secretary of State for the  
Environment

6th March 1981.

*Nicholas Edwards,*  
Secretary of State for Wales.

6th March 1981.

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#### EXPLANATORY NOTE

*(This Note is not part of the Regulations.)*

Section 72(3) of the Local Government, Planning and Land Act 1980 provides that an authority to which Part VIII of the Act applies may make payments in respect of prescribed expenditure equal to or less than the aggregate of various amounts, including the authority's net capital receipts or such proportion of them as may be prescribed. These regulations prescribe different proportions in relation to different classes of assets. The regulations also specify the extent to which disposals of a class of asset comprising certain leasehold interests are not to be treated as capital receipts, and also specify sums which are to be treated as capital receipts for the purposes of Part VIII of the Act. The regulations also prescribe £5,000 as the amount of expenditure below which expenditure in connection with the acquisition, renewal or replacement of certain assets is not to be prescribed expenditure and specify certain circumstances in which, and certain purposes for which expenditure is not to be prescribed expenditure for the purposes of Part VIII of the Act.

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