
STATUTORY INSTRUMENTS

1988 No. 359

LOCAL GOVERNMENT, ENGLAND AND WALES

**The Local Government Reorganisation
(Capital Money) (Greater London) Order 1988**

<i>Made</i>	- - - -	<i>2nd March 1988</i>
<i>Laid before Parliament</i>		<i>10th March 1988</i>
<i>Coming into force</i>	- -	<i>1st April 1988</i>

The Secretary of State for the Environment, in exercise of the powers conferred upon him by sections 49, 77 and 101 of the Local Government Act 1985(1) and of all other powers enabling him in that behalf, hereby makes the following Order:

PART I

Citation and commencement

1. This Order may be cited as the Local Government Reorganisation (Capital Money) (Greater London) Order 1988 and shall come into force on 1st April 1988. Interpretation

2.—(1) In this Order—

“the abolished council” means the Greater London Council;

“the 1980 Act” means the Local Government, Planning and Land Act 1980(2);

“the 1985 Act” means the Local Government Act 1985;

“the 1987 Order” means the Local Government Reorganisation (Capital Money) (Greater London) Order 1987(3);

“the closing accounts” means the accounts of the abolished council for the financial year ended 31st March 1986;

“compensation payments” means any payment made under Part VI of the Employment Protection (Consolidation) Act 1978(4), by section 1 of the Pensions (Increase) Act 1971(5)

(1) 1985 c. 51.
(2) 1980 c. 65.
(3) S.I.1987/118.
(4) 1978 c. 44.

or by any order under section 2 of that Act or section 59 of the Social Security Pensions Act 1975(6), the Local Government Reorganisation (Compensation) Regulations 1986(7) or the Local Government Reorganisation (Reduction of Redundancy Payments Cases) Scheme 1986(8) or made in satisfaction of contractual rights saved by section 53 of the 1985 Act, but excluding any part of any such payment which is recoverable from any person other than the recipient; and includes such administrative expenses of the Residuary Body as are properly attributable to such payments;

“County Hall” means the buildings previously owned by the abolished council and known as the Main Building, the North Block, the South Block, the Island Block and the Addington Street Annexe, all ancillary service areas and car parks and the bridge which links the Island and South Blocks;

“direct capital receipts” means such of the money described in paragraph (2)(a) below as remains after the deduction of any amount payable by the Residuary Body to the Exchequer or to the European Commission by virtue of the relevant land, other property, grant or advance having been financed either in whole or in part by grants from the Exchequer or the Commission;

“disposal” means disposal by operation of law or otherwise;

“housing advances” means sums advanced by the abolished council by way of loan for the purchase, construction, repair or improvement of dwellings;

“housing assets” means relevant land held by the abolished council for the purposes of section 92 of the Housing Act 1957(9);

“housing receipts” means those direct capital receipts which are attributable to the disposal of housing assets or the repayment of housing advances and grants for the purchase, construction, repair or improvement of dwellings;

“other property” means any vehicle, vessel, movable and immovable plant, machinery and apparatus;

“relevant land” means any land other than—

- (a) land held as an investment of a superannuation fund maintained under regulations made under section 7 of the Superannuation Act 1972(10); and
- (b) land in respect of which the Residuary Body is the mortgagee;

“residual balances” means the money described in paragraph (2)(b) below;

“the rating authorities” means the rating authorities in Greater London other than the Temples;

“the Residuary Body” means the London Residuary Body.

(2) For the purposes of section 77 of the 1985 Act and this Order, except article 8, “capital money” means—

(a) money received by the Residuary Body—

- (i) which is attributable to the disposal of relevant land or other property by that Body;
- or

(5) 1971 c. 56; section 2 was repealed by section 65(3) of the Social Security Pensions Act 1975 but without prejudice to any existing Order made under section 2.

(6) 1975 c. 60.

(7) S.I. 1986/151.

(8) Made under section 59(3) of the Local Government Act 1985.

(9) 1957 c. 56; the abolished council was a housing authority for the purposes of section 92 by virtue of section 21(4) of the London Government Act 1963 (c. 33).

(10) 1972 c. 11.

- (ii) which is attributable to amounts left outstanding in accordance with section 9 of the Housing Act 1980(11) in connection with the disposal of housing assets by the abolished council; or
 - (iii) by way of repayments of grants and advances of a capital nature;
- (b) such amount of the money vested in the Residuary Body on the abolition date by virtue of section 62 of the 1985 Act as equals the aggregate of the amounts shown in the closing accounts as the abolished council's revenue balances and funds, as adjusted to give effect to matters relevant to that aggregate which are recorded, in accordance with directions given by the Secretary of State under section 78 of that Act, in the accounts of that Body for the financial year ended 31st March 1987, less the aggregate of—
- (i) the part of that amount distributed by that Body before 1st April 1988 by virtue of section 77(4) of the 1985 Act or in accordance with the 1987 Order, or otherwise applied by that Body before that date;
 - (ii) the part of that amount which is equal to the amount shown in the accounts of the Residuary Body for the financial year ended 31st March 1987 as attributable to the value of assets which vested on the abolition date in any person other than that Body; and
 - (iii) the amount referred to in subparagraph (c); and
- (c) such amount of the money vested as mentioned in subparagraph (b) as equals the amount shown in the closing accounts as attributable to the Crystal Palace Fund maintained by the abolished council.
- (3) Where the amount vested as mentioned in paragraph (2)(b) is less than the aggregate of the amounts shown as revenue balances and funds in the closing accounts, the Residuary Body shall be deemed for the purposes of this Order to have had vested in it under section 62 such additional sums as makes that amount equal to that aggregate.

PART II

Additions to net capital receipts

3.—(1) For the purposes of section 72(3) of the 1980 Act, each rating authority's net capital receipts for each financial year commencing with the financial year beginning 1st April 1988 shall be treated as if they included an amount which shall be determined in accordance with the formula mentioned in Part II of Schedule 1 to this Order.

(2) Regulations under sections 72(3)(d) and 75 of the 1980 Act apply in relation to amounts to be included in the net capital receipts of any authority by virtue of this article as they apply to other receipts of the authority.

PART III

The Crystal Palace Fund

4. On or before 30th June 1988 the Residuary Body shall pay to the Council of the London Borough of Bromley the amount referred to in article 2(2)(c).

Distribution of other capital money

5.—(1) On or before 31st March 1991 the Residuary Body shall pay to each rating authority and to the Temples an amount which shall be determined in accordance with Schedule 2.

(2) In respect of each financial year commencing with the financial year beginning 1st April 1988 the Residuary Body shall pay to each rating authority an amount which shall be determined in accordance with Schedule 3.

PART IV

Administrative arrangements-notifications

6.—(1) On or before 31st October in each financial year commencing with the financial year beginning 1st April 1988 the Residuary Body shall notify each rating authority of its estimate of—

- (a) the amounts of capital money mentioned in article 2(2)(a), other than amounts attributable to the disposal of the whole or any part of County Hall, to be received in the current and next succeeding financial years;
- (b) the amount to be paid to that authority in those years in accordance with this Order;
- (c) the amounts which, in accordance with article 3(1), are to be treated as included in the authority's net capital receipts for those years; and
- (d) the classes of disposals and repayments to which the amounts referred to in subparagraph (c) relate.

(2) On or before 30th June in each financial year commencing with the financial year beginning 1st April 1989, the Residuary Body shall notify each rating authority of the amount determined for the preceding financial year in accordance with article 3(1) for that authority and shall indicate the classes of disposals and repayments to which that amount relates.

(3) At the same time as it notifies an authority of any of the matters referred to in paragraphs (1) and (2) the Residuary Body shall send a copy of such notification to the Secretary of State.

(4) For the purposes of paragraphs (1)(d) and (2), disposals and repayments shall be classified in accordance with Schedule 1 to the Local Government (Prescribed Expenditure) (Consolidation and Amendment) Regulations 1987(12).

Administrative arrangements-distribution of capital money

7.—(1) Within seven days of making any payment required by articles 4 or 5(1), the Residuary Body shall notify the Secretary of State of the amount paid.

(2) The Residuary Body shall use its best endeavours to secure that payments required by article 5(2) are made on or before the last day of the financial year in question. Any part of a payment not so made (“the residual amount”) shall be paid no later than 30th June in the next financial year.

(3) Residual amounts shall be deemed to vest in the rating authority entitled to them on the last day of the financial year in question and shall thereafter be regarded as interest-free loans to the Residuary Body by the relevant rating authorities.

(4) On or before 1st July in each financial year commencing with the financial year beginning 1st April 1989 the Residuary Body shall notify the Secretary of State of the amounts paid in respect of the preceding financial year by virtue of article 5(2).

Application of capital money

8.—(1) The amount referred to in article 4 shall be carried to the Crystal Palace Fund maintained by the Council of the London Borough of Bromley.

(2) Money received by a rating authority by virtue of article 5(2) shall be applied for any purpose for which capital money received by a local authority on the disposal of land under Part VII of the Local Government Act 1972(13) may properly be applied.

PART V

Revocation and savings

9.—(1) Subject to paragraphs (2) to (4), the 1987 Order is hereby revoked.

(2) Paragraphs (4) and (5) of article 7 of the 1987 Order shall continue to have effect in their application to amounts determined by the Residuary Body for the financial year ended 31st March 1988; and for the purposes of the said paragraph (4), disposals and repayments shall be classified in accordance with Schedule 1 to the Local Government (Prescribed Expenditure) (Consolidation and Amendment) Regulations 1987.

(3) Paragraphs (4) to (6) of article 8 and paragraph (1) of article 9 of the 1987 Order shall continue to have effect in their application to residual amounts required to be paid by the Residuary Body and money received by a rating authority, respectively, for the financial year ended 31st March 1988.

(4) Paragraphs (2) and (3) shall cease to have effect on 2nd July 1988.

2nd March 1988

Nicholas Ridley
Secretary of State for the Environment

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SCHEDULE 1

Article 3(1)

Additions to net capital receipts

PART 1

Interpretation

1. In this Schedule—

“net capital residue” means the direct capital receipts of the Residuary Body in the financial year in question other than those receipts which are attributable to—

- (a) the disposal of relevant land or other property purchased by that Body; or
- (b) repayments of grants or advances of a capital nature in respect of—
 - (i) grants or advances made by that Body; and
 - (ii) grants or advances made to authorities to whom Part VIII of the 1980 Act applies or to the London Transport Executive.

2. For the purposes of this Schedule, the population of the area of a rating authority shall be taken to be the number estimated by the Registrar General and certified by him to the Secretary of State by reference to the 30th June which falls 21 months before the beginning of the financial year in question.

PART II

Formula for the purposes of article 3(1)

3. The formula is—

$$\frac{AS}{T} + \frac{BY}{Z}$$

where

A is an amount equal to that part of the net capital residue for the financial year in question which does not consist of housing receipts, less.

- (a) the amount, if any, received by the Residuary Body in that year which is attributable to the disposal of the whole or any part of County Hall; and
- (b) for the year ending 31st March 1989, a further £20 millions; B is an amount equal to that part of the net capital residue for the financial year in question which is attributable to the housing receipts for that year, less an amount equal to the direct capital receipts which have been applied by the Residuary Body in that year for the purposes of —

- (a) making advances of a capital nature; and
- (b) making payments to Thamesmead Town in accordance with the provisions of an agreement dated 27th July 1987 and made between that Body and Thamesmead Town; S equals the population of the area of the rating authority in question; T equals the population of the area of all the rating authorities; Y equals that part of the amount of prescribed expenditure first specified for the financial year in question in accordance with section 72(1) of the 1980 Act in relation to the rating authority in question which is referable to the Housing Investment Programme; and Z equals the aggregate of those parts of the amounts of prescribed expenditure so specified in relation to each of the rating authorities which are referable to the Housing Investment Programme; Provided that—

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- (a) if A is less than zero but B is greater than zero the formula shall be—

$$\frac{(A + B)Y}{Z} ;$$

- (b) if A is greater than zero but B is less than zero the formula shall be—

$$\frac{(A + B)S}{T}$$

; and

- (c) if both A and B are zero or less than zero, or if the application of either of the formulae specified in subparagraphs

- (a) and (b) produces a negative result, the product of the formula shall be deemed to be zero.

SCHEDULE 2

Article 5(1)

Distribution of residual balances

The amount to be distributed to each rating authority and to the Temples shall be determined by applying the formula—

$$\frac{CD}{E}$$

where—

C is an amount equal to that part of the residual balances which remains after the making by the Residuary Body of compensation payments, less an amount equal to the loans outstanding immediately before 31st March 1991 which the Body had raised for the purpose of making compensation payments;

and D equals the population of the area of the rating authority in question or, as the case may be, of the Inner Temple or the Middle Temple;

E equals the population of the area of all the rating authorities and the Temples.

SCHEDULE 3

Article 5(2)

Distribution of other capital money

1. References in this Schedule to expenditure incurred by the Residuary Body for facilitating the disposal of property include references to expenditure incurred in maintaining, managing and improving the property save that, in the case of housing assets or relevant land which include or comprise a building or other structure, they include such expenditure only so far as it is attributable to wholly unoccupied property or the unoccupied part of partially occupied property.

2. The amount to be distributed to each rating authority shall be determined by applying the formula—

$$\frac{PY}{Z} + \frac{RS}{T}$$

where—

P is an amount equal to the housing receipts for the financial year in question, less—

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- (a) the amount of the direct capital receipts applied by the Residuary Body in that year by way of advances of a capital nature;
- (b) the amount of direct capital receipts applied by the Residuary Body in that year by way of payments to Thamesmead Town in accordance with the provisions of an agreement dated 27th July 1987 and made between that Body and Thamesmead Town;
- (c) the amount which is attributable to the repayment of housing advances;
- (d) an amount equal to the expenditure incurred by the Residuary Body in that year for facilitating the disposal of housing assets; and
- (e) an amount equal to the loans outstanding immediately before the first day of that year which that Body had raised for the purpose of financing expenditure incurred by it for facilitating the disposal of housing assets; R is an amount equal to the direct capital receipts for the financial year in question which are not housing receipts, less—
 - (a) the amount, if any, received by the Residuary Body in that year which is attributable to the disposal of the whole or any part of County Hall;
 - (b) the amount which is attributable to the repayment of the advances referred to in article 2(2)(a)(iii) which are not housing advances;
 - (c) an amount equal to the expenditure incurred by the Residuary Body in that year for facilitating the disposal of other property and relevant land other than housing assets; and
 - (d) an amount equal to the loans outstanding immediately before the first day of that year which the Body had raised for the purpose of financing expenditure incurred by it for facilitating the disposal of other property and relevant land other than housing assets; except that, in respect of the financial year ending 31st March 1989, there shall also be deducted £20 millions; and S, T, Y and Z have the same meanings as in Schedule 1; Provided that—
 - (a) if P is less than zero but R is greater than zero the formula shall be—

$$\frac{(P + R)S}{T}$$
 - ;
 - (b) if P is greater than zero but R is less than zero the formula shall be—

$$\frac{(P + R)Y}{Z}$$
 - ;
 - (c) if both P and R are zero or less than zero, or if the application of either of the formulae specified in subparagraphs
 - (a) and (b) produces a negative result, the product of the formula shall be deemed to be zero.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order re-enacts, with amendments, the Local Government Reorganisation (Capital Money) (Greater London) Order 1987. The Order is concerned with the distribution of capital receipts by the London Residuary Body to rating authorities in Greater London: and with the enhancement of capital spending power under Part VIII of the Local Government, Planning and Land Act 1980 on account of such receipts. It also provides for the transfer to the Council of the London Borough of Bromley of an amount reflecting the closing balance on the Crystal Palace Fund maintained by the Greater London Council.

Part I of the Order defines terms used in the Order. In particular,

“capital money” is defined for the purposes of section 77 of the Local Government Act 1985 and the Order.

Part II provides for notional additions to the net capital receipts of rating authorities (other than the Temples) for the purposes of section 72(3) of the 1980 Act, to authorise further capital expenditure. For the financial year beginning on 1st April 1988 and subsequent years, the additions are determined in accordance with the formula in Schedule 1 to the Order. The formula reflects the amounts derived from the disposal by the London Residuary Body of certain land and other property which it inherited on abolition and from the repayment to it of certain grants and advances of a capital nature but discounts amounts payable to the Exchequer or the European Commission by way of reimbursement of grant, and receipts which the Residuary Body has used for making advances of a capital nature or making payments to Thamesmead Town. A further discount of £20 millions for the financial year 1988/89 reflects a reserve for financing the transfer of Hampstead Heath. In Part III, article 4 is concerned with the payment to the Council of the London Borough of Bromley mentioned above. Article 5(1) provides for the distribution to the rating authorities and the Temples, in accordance with the formula in Schedule 2 to the Order, of an amount which represents the residual balances of the Greater London Council’s final accounts (to the extent that those balances have not already been distributed or applied by the Residuary Body). The formula permits the Residuary Body to retain amounts which reflect its expenditure on financing loans raised for the purpose of making compensation payments. Article 5(2) provides that receipts of the Residuary Body from the disposal of certain land and other property are to be passed to the rating authorities in accordance with the formula in Schedule 3 to the Order. The formula permits the Residuary Body to retain amounts which reflect its expenditure on making payments to Thamesmead Town, on facilitating disposals and on financing loans raised for that purpose. Further retentions are permitted, including the amount of any receipts attributable to the disposal of the whole or part of County Hall and, for the financial year 1988/89 only, an additional £20 millions for the purpose of financing the transfer of Hampstead Heath. In Part IV of the Order articles 6 and 7(1) and (4) require the Residuary Body to make certain notifications about payments. By article 7(2) the Residuary Body is required to use its best endeavours to secure that payments to the rating authorities under article 5(2) are made on or before the last day of the financial year in question. To the extent that payments are not so made, they are treated as interest-free loans from the rating authorities to the Residuary Body. The rating authorities may only use money received under article 5(2) of the Order for purposes for which they may use capital money which they have received on the disposal of land under Part VII of the Local Government Act 1972. The money received by the Council of the London Borough of Bromley under article 4 of the Order is to be used for the purposes of the Council’s Crystal Palace Fund.

Part V revokes the 1987 Order with certain limited savings.

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