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STATUTORY INSTRUMENTS

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**1990 No. 775**

**EDUCATION, ENGLAND AND WALES**

**The Education (Inner London Education Authority) (Repayment of Loans) Order 1990**

<i>Made</i>	- - - -	<i>29th March 1990</i>
<i>Laid before Parliament</i>		<i>29th March 1990</i>
<i>Coming into force</i>	- -	<i>1st April 1990</i>

In exercise of the powers conferred on the Secretary of State by sections 177(2) and (3) and 232(5) of the Education Reform Act 1988<sup>(1)</sup> the Secretary of State for Education and Science hereby makes the following Order:

**Citation and commencement**

1. This Order may be cited as the Education (Inner London Education Authority) (Repayment of Loans) Order 1990 and shall come into force on 1st April 1990.

**Interpretation**

2. In this Order—

“the Act” means the Education Reform Act 1988;

“deemed borrowing” means the amount which, in accordance with article 3 of this Order, an inner London council shall be deemed to have borrowed from the LRB;

“ILEA” means the Inner London Education Authority;

“inner London council” means the council of an inner London borough or (in their capacity as a local authority) the Common Council of the City of London; and

“the LRB” means the London Residuary Body.

**Amount of deemed borrowing**

3.—(1) The amount which each inner London council shall be deemed to have borrowed from the LRB on 1st April 1990 for the purposes of section 177 of the Act shall be determined in accordance with this article.

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(1) 1988 c. 40.

(2) The amount which each inner London council shall be deemed to have borrowed shall be calculated as follows:

- (a) there shall be deducted from the total amount of the liability on 1st April 1990 of ILEA in respect of money borrowed by ILEA (which becomes on that date a liability of the LRB under section 177(1) of the Act)—
- (i) an amount equal to any provision set aside by ILEA in respect of the said money borrowed but not used by ILEA to repay such borrowings;
  - (ii) the amount which is shown in the accounts of ILEA as a liability outstanding immediately before 1st April 1990 attributable to temporary borrowing for revenue purposes under paragraph 10(1)(a) of Schedule 13 to the Local Government Act 1972(2) as applied to ILEA by section 70 of the Local Government Act 1985(3);
  - (iii) an amount equal to the aggregate amount immediately before 1st April 1990 of the liabilities of ILEA in respect of money borrowed by ILEA for the purposes of the institutions specified in Schedule 1 to this Order, being institutions conducted by a higher education corporation or designated under section 129 of the Act; and
  - (iv) the sum of £107,465 in respect of money borrowed by ILEA for the purposes of Goldsmiths' College;
- (b) the amount remaining after the deductions referred to in subparagraph (a) above have been made shall be apportioned among the inner London councils as deemed borrowings from the LRB in the proportions set out in Schedule 2 to this Order.

### **Repayment of principal**

4.—(1) Subject to article 7 (early repayment), each inner London council shall discharge its liability to the LRB in respect of its deemed borrowing by making repayments of principal to the LRB over a repayment period of 25 years commencing with the financial year beginning on 1st April 1990.

(2) The amount of principal which is to be repaid by each inner London council in each financial year of the repayment period shall be 1/25 th of the amount of its deemed borrowing.

### **Payment of interest**

5. Each inner London council shall in each financial year make payments to the LRB in respect of interest on its deemed borrowing in accordance with the formula set out in Schedule 3 to this Order.

### **Administrative arrangements**

6.—(1) On or before 15th February in each year the LRB shall notify each inner London council of its estimate of the amount to be paid by that council in accordance with article 5 in respect of the next financial year; and on or before 31st August 1990 of the amount to be so paid in respect of the financial year ending on 31st March 1991.

(2) On 30th September and 31st March in each year each inner London council shall pay to the LRB one half of the amount referred to in article 4(2) and one half of the amount notified to the council as the LRB's estimate of the amount payable in accordance with article 5 in respect of that year.

(3) On or before 31st August in each year commencing with the financial year beginning on 1st April 1991 the LRB shall notify each inner London council of the actual amount payable by that council in accordance with article 5 in respect of the preceding financial year. Any difference

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(2) 1972 c. 70.

(3) 1985 c. 51.

between that amount and the amounts paid by the council in respect of interest for that year in accordance with paragraph (2) above shall be paid by the council to the LRB or, as the case may be, by the LRB to the council, on 30th September.

**Early repayment**

7. An inner London council may, after giving to the LRB not less than 60 days' notice in writing of its intention to do so, repay the whole of the principal sum outstanding in respect of its deemed borrowing on the 31st March in any year.

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

SCHEDULE 1

Article 3(2)(a)(iii) *Higher Education Corporations*

South West London College  
 The London Institute *Designated Institutions*  
 The Polytechnic of Central London  
 Central School of Speech and Drama (London)  
 City of London Polytechnic  
 The Polytechnic of North London  
 The Polytechnic of the South Bank (London)  
 Thames Polytechnic (London)

SCHEDULE 2

Article 3(2)(b)

INNER LONDON COUNCILS: DEEMED BORROWING SHARES

Council	Share (per cent.)
City of London	0.15
Camden	7.60
Greenwich	9.09
Hackney	7.67
Hammersmith and Fulham	6.94
Islington	7.31
Kensington and Chelsea	4.84
Lambeth	10.10
Lewisham	10.02
Southwark	9.67
Tower Hamlets	6.61
Wandsworth	12.09
Westminster	7.91
	100.00

SCHEDULE 3

Article 5

CALCULATION OF INTEREST

The amount payable by each inner London council in each financial year is

$$(A - B) \times C$$

where—

A is the aggregate amount of interest payable by the LRB for that financial year in respect of those liabilities which passed to the LRB under section 177(1) of the Act and have not been discharged;

B is the aggregate amount received by the LRB by way of interest for that financial year—

(a) on those liabilities assumed by the institutions specified in Schedule 1 under section 199 of the Act, and

(b) from Goldsmiths' College in respect of the sum referred to in article 3(2)(a)(iv);

C is that proportion which that amount of the deemed borrowing of the inner London council concerned which remains outstanding on the first day of that financial year bears to the aggregate amount of the deemed borrowing of all the inner London councils outstanding on that day.

29th March 1990

*John MacGregor*  
Secretary of State for Education and Science

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#### **EXPLANATORY NOTE**

*(This note is not part of the Order)*

Section 177 of the Education Reform Act 1988 provides that, on the abolition of the Inner London Education Authority (ILEA) on 1st April 1990, the rights and liabilities of the ILEA in respect of money borrowed by the ILEA, including money borrowed by any other authority whose rights and liabilities in respect of that money have been transferred to the ILEA, shall vest in the London Residuary Body (LRB) and that those liabilities shall be charged on the revenues of the LRB. Section 177 goes on to provide that each inner London council shall, on the abolition date, be deemed to have borrowed from the LRB a sum specified or determined in accordance with an order made by the Secretary of State so as to enable the LRB to discharge those liabilities.

This order prescribes the method by which the sums which each inner London council is to be deemed to have borrowed from the LRB are to be determined (article 3), and the terms as to repayment and the payment of interest (articles 4 and 5).

Provision is made for administration (article 6) and early repayment (article 7).