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STATUTORY INSTRUMENTS

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**1994 No. 3262**

**The Police and Magistrates' Courts Act 1994 (Commencement  
No. 5 and Transitional Provisions) Order 1994**

**Liability of certain new police authorities in respect of loan debts**

11.—(1) In this article —

- (a) “the 1989 Act” means the Local Government and Housing Act 1989(1);
- (b) any expression used in this article which is defined for the purposes of Part IV of the 1989 Act (revenue accounts and capital finance of local authorities) shall have the same meaning as it has for those purposes;
- (c) “relevant council” means the council of a county where the old police authority is a committee of that council constituted in accordance with section 2 or 3(4) of the 1964 Act; and
- (d) “relevant new police authority” means such an authority replacing a relevant council as police authority.

(2) Where a relevant council and a relevant new police authority are unable to agree before 1st April 1995 under article 8 above to the transfer of all loans attributable to the council’s police authority functions, a relevant new police authority shall be deemed to have borrowed from the relevant council an amount (in this article referred to as “the principal”) equal to the police amount for that council for 31st March 1995 less the amount of any loan that the relevant council and the relevant new police authority have agreed before 1st April 1995 under article 8 above to transfer.

(3) For the purposes of this article —

- (a) the police amount for a relevant council for 31st March in any of the years 1991 to 1995 shall be determined —
  - (i) by adding to the police amount for that council for 31st March in the immediately preceding year the amount of the police increase for that council for the financial year following it; and
  - (ii) by subtracting from the resulting amount the amount of the police decrease for that council for that financial year; and
- (b) the police amount for a relevant council for 31st March 1990 shall be an amount equal to the portion of that council’s initial credit ceiling attributable to the police authority functions of that council.

(4) For the purposes of paragraph (3) above, the amount of the police increase for any relevant council for any financial year is the total of the amounts of all the supplementary credit approvals issued —

- (a) to the council in respect of its police authority functions by the Secretary of State for the Home Department under Part IV of the 1989 Act;
- (b) in the case of —

- (i) a financial year ending on 31st March in the years 1991 to 1994, for a period beginning in that financial year;
- (ii) the financial year ending on 31st March 1995, on or before 31st December 1994 and for a period beginning in that financial year,

less an amount equal to the total of the amounts by which the credit ceiling of the council was increased in that year as respects credit arrangements entered into in that year by the council in respect of such functions.

(5) For the purposes of paragraph (3) above, the amount of the police decrease for any relevant council for any financial year is the total of the following amounts —

- (a) four per cent. of the police amount for the council for 31st March in the financial year immediately preceding the financial year in question;
- (b) the total of any amounts set aside by the council as provision to meet credit liabilities from the reserved part of any capital receipts in respect of a disposal or repayment attributable to police authority functions or, in relation to consideration to which section 61(4) of the 1989 Act applies, from the amount which would be the reserved part of a notional capital receipt in respect of such a disposal or repayment;
- (c) the total of any amounts set aside by the council from its revenue account or from the usable part of its capital receipts as provision to meet credit liabilities in respect of its police excluded credit arrangements; and
- (d) the total of any amounts shown in the accounts of the council as being set aside from its revenue account as provision for credit liabilities in respect of its police authority functions in excess of the amounts referred to in sub-paragraph (a) above, and the amount of any usable part of the council's capital receipts shown in its accounts as being applied as such provision in respect of its police authority functions.

(6) In paragraph (5) above “police excluded credit arrangements” means any credit arrangements excluded by regulations made under paragraph 11(2) of Schedule 3 to the 1989 Act entered into in respect of land, goods or services held or used for police authority functions.

(7) Subject to paragraph (9) below, a relevant new police authority which by virtue of this article is deemed to have borrowed from a relevant council shall discharge its liability to that council by —

- (a) making annual repayment of the principal to that council in 25 equal instalments over a period of 25 years, with the first such repayment falling due on 1st October 1995, and
- (b) in each financial year in which any part of the principal remains outstanding, paying that council interest calculated in accordance with paragraph (8) below.

(8) The interest to be paid by a relevant new police authority on its deemed borrowing shall be paid on 31st March in each year beginning with 1996 and shall be calculated in respect of each financial year by applying the formula of X divided by Y and multiplied by Z where

X is determined by dividing by 12 the total of the sums which equal the amount of principal which remains unpaid on the first day of each month of the financial year in question;

Y is determined by dividing by 12 the total of the sums which equal the amount of the outstanding borrowing of the relevant council on the first day of each month of the financial year in question;

Z is the amount of interest payable by the relevant council for the financial year in question in respect of its outstanding borrowing in that year.

(9) A relevant new police authority may repay the whole or any part of the principal outstanding in respect of its deemed borrowing at any time before it is repaid in full after giving to the relevant council not less than thirty days' notice of its intention to do so.

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

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