



Local Government (Financial Provisions) Act 1963

1963 CHAPTER 46

An Act to extend the powers of local authorities to defray expenses incurred by their members and officers, or by other members of their committees or sub-committees, and to contribute or subscribe to other local authorities and to bodies having activities connected with local government; to authorise certain expenditure by local authorities for the benefit of their areas or inhabitants but not otherwise authorised; to make further provision with respect to borrowing by local authorities, the management of local authority debt, the application by local authorities of capital funds, renewal and repair funds, unexpended balances of loans and capital money received by way of financial adjustment; and for purposes connected with the matters aforesaid. [31st July 1963]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Extension of local authority powers to pay expenses incurred in attending conferences and meetings

(1) Section 267 of the Act of 1933 and section 161 of the Act of 1939 (by which a local authority are enabled to pay expenses incurred by members of the authority or a committee thereof in attending a conference or meeting convened by one or more local authorities or an association of local authorities for the discussion of matters connected with the discharge of the functions of the authority) shall have effect as if the references to a conference or meeting included references to—

- (a) a conference or meeting convened by any person or body (other than a person or body convening it in the course of his or their trade or business or a body of which the objects are wholly or partly political) for the purpose of discussing matters relating to the discharge of the functions of the local authority or to the development of trade, industry or commerce in the area of the local authority;

- (b) a conference or meeting convened by any government department or local authority, or by any other body exercising functions conferred by or under any enactment or Royal Charter, being a conference or meeting convened for the purpose of discussing any matter affecting the area of the local authority or its inhabitants.
- (2) In the foregoing subsection "the local authority " means the local authority whose powers under the said section 267 or 161 are in question.
- (3) For the purposes of the said sections 267 and 161 a loss of earnings necessarily suffered by a member of a local authority or a committee of a local authority for the purpose of enabling him to attend a conference or meeting, being earnings which he would otherwise have made, shall be treated as an expense incurred by him in attending that conference or meeting.
- (4) Section 114 of the Act of 1948 (which determines the bodies by whom allowances payable under Part VI of that Act are to be paid, and provides, among other things, that a power of such a body, otherwise than under the said Part VI, to defray expenses, other than expenses on account of travelling, incurred by a person in respect of which he is entitled to an allowance under that Part, shall not be so exercised as to defray those expenses otherwise than in accordance with the provisions of that Part) shall be amended by the omission of subsection (2) and of the words " (other than expenses on account of travelling) " in subsection (3); and the said subsection (3) shall have effect as if any reference therein to expenses incurred included a reference to any loss of earnings suffered which, by virtue of the last foregoing subsection, is to be treated as an expense incurred and, in relation to the powers to defray expenses conferred by subsection (1) of this section, as if any such conference or meeting as aforesaid were included in paragraph (c) of the definition of "approved duty" in section 115 of the Act of 1948.

2 Removal of limitation on class of bodies to whose expenses local authorities may contribute

In section 136 of the Act of 1948 (which provides that a local authority in England or Wales may, with the consent of the Minister given either generally or specially, contribute towards the expenses of any body carrying on activities within the area of that authority, being activities for the purpose of furthering the development of trade, industry or commerce therein, or of giving advice, information or other assistance to persons resident therein, or otherwise for the benefit of that area or those persons) the words " activities within the area of that authority, being" shall cease to have effect and for the word " therein ", where it first occurs, there shall be substituted the words " within the area of that authority ".

3 Extension of powers of local authorities to pay subscriptions

Paragraph (b) of section 129 of the Act of 1948 (by which a local authority may pay reasonable subscriptions to such associations of officers of local authorities as may be approved by the Minister) shall be amended by the insertion after the word " officers " , of the words " or members ".

4 Power of local authority to pay expenses incurred by committee members in official and courtesy visits,

For the purposes of section 1 of the Local Authorities (Expenses) Act 1956 (payment by council of county, county borough, metropolitan borough or county district of expenses of official and courtesy visits) a member of a committee or sub-committee of such a council as aforesaid shall be deemed to be a member of the council.

5 Payment of expenses of local authority officers

Nothing in any enactment, including an enactment contained in this Act, providing for the payment by a local authority of expenses of their members shall be taken to limit the power of the local authority to defray expenses properly incurred by an officer of the authority as such.

6 Power of local authority to incur expenditure in the interests of their area or its inhabitants but not otherwise authorised

- (1) A local authority may, subject to the provisions of this section, incur expenditure for any purpose which in their opinion is in the interests of their area or its inhabitants, but shall not, by virtue of this subsection, incur any expenditure for a purpose for which they are, either unconditionally or subject to any limitation or to the satisfaction of any condition, authorised or required by or by virtue of any enactment other than this section to make any payment.
- (2) Expenditure of a local authority under this section in any financial year shall not exceed, in the case of a local authority other than a parish council, the product of a rate of one penny in the pound for their area for that year, or, in the case of a parish council, that of a rate of one fifth of a penny in the pound for their area for that year.
- (3) No expenditure shall be incurred under this section by a local authority in respect of any matter except in pursuance of a resolution of the authority authorising the incurring of the expenditure in respect of that matter.
- (4) The accounts of a local authority by whom expenditure is incurred under this section shall include a separate account of that expenditure, and section 283(4), (6) and (7) of the Act of 1933 and section 173(5), (6) and (7) of the Act of 1939 (which provide for the inspection by a local government elector of the abstract of accounts of the local authority and the making of copies thereof or extracts therefrom, and penalise failure to provide facilities for such inspection, or making of copies or extracts) shall have effect as if any reference to the abstract of the accounts of the local authority included a reference to any such separate account as aforesaid.
- (5) The reference in this section to the product of a rate of a penny in the pound for an area shall, where there is more than one rating area within the area, be construed as a reference to the aggregate of the product of a rate of that amount for all the rating areas within the area.
- (6) The product of a rate of one penny in the pound for a rating area, shall, for the purposes of this section, be taken to be the product of a rate of that amount for that area ascertained, in the case of an area other than a county borough, in accordance with rules made for the purposes of section 9(2) of the Rating and Valuation Act 1925, or, in the case of a county borough, in accordance with rules made by the Minister for the purposes of Part I of the Local Government Act 1958 ; and the product of a rate

of one fifth of a penny in the pound for a parish shall be taken to be the product of a rate of that amount for the parish ascertained in accordance with rules made for the purposes of the said section 9(2).

(7) In this section—

" financial year " has the same meaning as in the Act of 1933 ;

" local authority " means the council of a county, the council of a county borough or county district, the council of a metropolitan borough, and the council of a rural parish.

7 Power of local authority to borrow by means of bonds

- (1) The means by which a local authority who are authorised to borrow money may raise that money shall, without prejudice to the exercise of any power to raise the money by any other means, include the issue of bonds (hereafter in this Act referred to as " local authority bonds ") in accordance with the provisions of this Act.
- (2) The provisions set out in Schedule 1 to this Act shall have effect with respect to local authority bonds.
- (3) In this section and the said Schedule 1, except in the expression " local authority bonds ", any reference to a local authority shall be construed as referring to a local authority within the meaning of the Act of 1933, other than a parish council, and to the council of a metropolitan borough.
- (4) In any enactment passed before this Act, a reference to Part IX or section 196 of the Act of 1933 or to Part VII or section 125 of the Act of 1939 shall be construed as including a reference to the foregoing provisions of this section.

8 Power to suspend annual provision for repayment of and to borrow for payment of interest on, certain borrowed moneys

- (1) Where a sum is borrowed after the commencement of this Act by a local authority for any of the following purposes, that is to say.—
 - (a) meeting expenditure on the construction of new, or the extension or alteration of existing, works forming or to form part of an undertaking of a revenue-producing character;
 - (b) carrying out on land any other operations, being operations of such kind as may be prescribed or operations specified in relation to that land by direction of the Minister;
 - (c) acquiring land for the purpose of the construction thereon of new, or the extension or alteration of existing, works forming or to form part of an undertaking of a revenue-producing character, or for the purpose of the carrying out thereon of operations of a kind prescribed by virtue of the last foregoing paragraph, or operations specified in relation to that land by direction of the Minister ;

it shall be lawful for the authority in respect of such one period as they may determine, not being longer than five years, nor beginning five years or less before the expiration of the fixed period relevant to the sum borrowed, to do either or both of the following things, namely.—

- (i) to suspend, in whole or in part, any annual provision required to be made during the first-mentioned period for the repayment of the sum borrowed;

- (ii) to borrow money for the payment of all or any of the interest due in respect of the first-mentioned period on the sum borrowed.

(2) Where—

- (a) land is acquired after the commencement of this Act by a local authority; and
- (b) a sum is borrowed by the authority for the purpose of the acquisition; and
- (c) the acquisition is not for the purpose of the construction on the land of new, or the extension or alteration of existing, works forming or to form part of an undertaking of a revenue-producing character, or for the purpose of carrying out on the land operations of a kind prescribed by virtue of subsection (1) (b) above or operations specified in relation to the land by direction of the Minister ; and
- (d) the land is subsequently appropriated for a purpose mentioned in the last foregoing paragraph ;

it shall be lawful for the authority in respect of such one period as they may determine, not being longer than five years nor beginning five years or less before the expiration of the fixed period relevant to the sum borrowed, to do either or both of the following things, namely.—

- (i) to suspend, in whole or in part, any annual provision required to be made during the first-mentioned period for the repayment of the sum borrowed ;
- (ii) to borrow money for the payment of all or any of the interest due in respect of the first-mentioned period on the sum borrowed.

(3) Where land has, before the commencement of this Act, been acquired by a local authority, and a sum was borrowed by the authority for the purpose of the acquisition, and either—

- (a) the land was acquired for a purpose mentioned in sub section (2)(c) above, or (not having been so acquired) was, before the commencement of this Act, appropriated for such a purpose, but the construction, extension or alteration of the works or the carrying out of the operations that constitutes the purpose for which the land was acquired or appropriated is not begun till after that commencement, or was begun but not completed before that commencement; or
- (b) the land is, after that commencement, appropriated for a purpose mentioned in the said subsection (2)(c);

it shall be lawful for the authority, in respect of such one period as they may determine, not being longer than five years nor beginning five years or less before the expiration of the fixed period relevant to the sum borrowed, to do either or both of the following things, namely.—

- (i) to suspend, in whole or in part, any annual provision required to be made during the first-mentioned period for the repayment of the sum borrowed;
- (ii) to borrow money for the payment of all or any of the interest due in respect of the first-mentioned period on the sum borrowed.

(4) A sum borrowed by virtue of paragraph (ii) of subsection (1), (2) or (3) above for the payment of interest on a sum borrowed must be repaid within the fixed period relevant to the last-mentioned sum.

(5) In any enactment, other than section 212 of the Act of 1933, passed before this Act, a reference to Part IX or section 198 of the Act of 1933 shall be construed as including a reference to the foregoing provisions of this section, and in any enactment so passed,

other than section 135 of the Act of 1939, a, reference to Part VII or section 134 of the Act of 1939 shall be similarly construed.

- (6) In section 212(2) of the Act of 1933 (which provides that, subject to the provisions of section 198(2) of that Act, the first of the instalments of principal or of principal and interest combined by means of which a sum borrowed by a local authority is to be paid off, or the first payment to a sinking fund by means of which a sum so borrowed is to be paid off, shall be made within twelve months, or where the sum is repayable by half-yearly instalments, six months from the date of borrowing) the reference to the said section 198(2) shall be construed as including a reference to this section and in section 135(2) of the Act of 1939 (which makes, in relation to the repayment of money borrowed under that Act by the council of a metropolitan borough, provision similar to that made by the said section 212(2)) the reference to section 134(2) of that Act (which corresponds to section 198(2) of the Act of 1933) shall be similarly construed.

- (7) In this section—

" fixed period " has the same meaning as in Part IX of the Act of 1933 ;

" local authority " means a local authority within the meaning of the Act of 1933 and the council of a metropolitan borough;

" prescribed " means prescribed by the Minister by regulations made by statutory instrument;

" undertaking " has the same meaning as in the Act of 1933.

- (8) Subsection (1) of this section shall, to the following extent, have effect in place of the following enactments, namely.—

(a) as regards sums borrowed after the commencement of this Act by authorities to whom section 198(2) of the Act of 1933 applies, being sums borrowed for the purpose of meeting such expenditure as is mentioned in that subsection, in place of the said section 198(2); and

(b) as regards sums borrowed after that commencement by the council of a metropolitan borough, being sums borrowed for the purpose of meeting such expenditure as is mentioned in section 134(2) of the Act of 1939, in place of the said section 134(2),

and accordingly the said section 198(2), as originally enacted and as applied by or by virtue of any other enactment, and the said section 134(2) shall cease to have effect except as respects sums borrowed before that commencement.

9 Cesser of prohibition of use of capital or renewal and repairs funds for purposes of functions relating to education

In section 1(2) of the Local Government (Miscellaneous Provisions) Act 1953 (which prohibits the use of a capital fund established under that section by a local authority or a renewal and repairs fund so established for meeting expenditure incurred by the authority for the purposes of an undertaking of the authority of a kind therein specified or incurred for the purposes of any functions of the authority as a local education authority), the words " or incurred for the purposes of any functions of the authority as a local education authority " shall cease to have effect.

10 Application of unexpended portions of borrowed moneys

- (1) The balance of any money borrowed (whether before or after the commencement of this Act) by a local authority and not required for the purposes for which the money

was borrowed (other than a balance to -the application of which consent has been given under section 202 of the Act of 1933 or section 143 of the Act of 1939 before that commencement) may be applied.—

- (a) at the discretion of the authority, to either or both of the following purposes, namely.—
 - (i) in or towards the repayment of a sum borrowed by the authority in pursuance of the sanction of a Minister or the authority of a local enactment;
 - (ii) for a purpose for which the authority have obtained the sanction of a Minister, or have been authorised by a local enactment, to borrow money; or
 - (b) with the consent of the Minister, to any other purpose to which capital money may be applied.
- (2) Where a sum is, by virtue of the foregoing subsection, applied for such a purpose as is mentioned in paragraph (a)(i) thereof, it shall thenceforward be treated as if, on the day when it was so applied, it had been duly borrowed for the purpose for which the sum repaid was borrowed, and in pursuance of the sanction or authority in question, and where a sum is, by virtue of the foregoing subsection, applied for such a purpose as is mentioned in paragraph (a)(ii) thereof, it shall thenceforward be treated as if, on the day on which it was so applied, it had been duly borrowed for that purpose in pursuance of the sanction or authority in question.
- (3) Where money borrowed by a local authority of which a balance is applied by virtue of this section was borrowed for the purposes of a function of theirs other than that to which the balance is applied, there shall—
- (a) if either function is a grant-aided one, be made in the accounts of the authority such adjustment as the Minister may direct; and
 - (b) if not, be made in those accounts such adjustment as may be requisite in the circumstances.
- (4) In the foregoing provisions of this section—
- (a) " function " means a power or a duty ;
 - (b) " grant-aided function ", in relation to a local authority means a function in respect of which a grant or contribution (other than a grant under the Local Government Act 1958 or an Exchequer subsidy under the Housing (Financial Provisions) Act 1958, or the Housing Act 1961) is payable to that authority by £ government department out of moneys provided by Parliament;
 - (c) " local authority " means a local authority within the meaning of the Act of 1933 and the council of a metropolitan borough.
- (5) In any enactment passed before this Act, a reference to Part IX or section 202 of the Act of 1933 or to Part VII or section 143 of the Act of 1939 shall be construed as including a reference to the foregoing provisions of this section.
- (6) The following enactments shall cease to have effect to the following extent, namely.—
- (a) section 202 of the Act of 1933, except in relation to balances of moneys borrowed by authorities to whom that section applies, being balances to the application of which consent has been given before the commencement of this Act;
 - (b) section 143 of the Act of 1939, except in relation to balances of moneys borrowed by the councils of metropolitan boroughs, being balances to the application of which consent has been given as aforesaid,

and in this subsection the reference to the said section 202 is to that section as originally enacted and as applied by or by virtue of any other enactment.

11 Amendment of provisions of section 151 of Act of 1933 relating to disposal of capital money received in respect of adjustments thereunder

In relation to capital money received by a public body after the commencement of this Act in respect of an adjustment (whether before or after that commencement) under section 151 of the Act of 1933 (which provides for financial adjustments consequent upon an alteration of areas or authorities made by an order under Part VI of that Act), that section as originally enacted and as applied by any other enactment shall have effect with the substitution, for subsection (6) thereof (which relates to the disposal of such money), of the following subsections:—

“(6) Capital money received by a local authority, other than a parish council, in respect of an adjustment under this section shall be applied either—

(a) subject to the provisions of this section, at the discretion of the local authority in one or more of the following ways, namely.—

(i) for a purpose of a service whose cost is borne by the housing revenue account or by, as the case may be, the county fund or general rate fund, being a purpose for which the authority have obtained the sanction of a Minister, or have been authorised by a local enactment, to borrow money on terms providing for repayment within a period of not less than fifteen years ;

(ii) in or towards the repayment of a debt incurred by the authority for a purpose of any such service as aforesaid, being a debt repayable within a period of which, at the date of the application of the money, not less than fifteen years remain unexpired;

(iii) in making, in each of not less than fifteen consecutive financial years, payments each of equal amount into the county fund or, as the case may be, the general rate fund;

(iv) in making a payment into a capital fund established by them under section 1 of the Local Government (Miscellaneous Provisions) Act 1953 ; or

(b) with the approval of the Minister, in or towards the repayment of a debt incurred by the authority (other than such a debt as is mentioned in sub-paragraph (a)(ii) above) or otherwise for a purpose for which, apart from this subsection, capital money may be applied;

and capital money received by any other public body in respect of an adjustment under this section shall be applied in such manner as the Minister may approve towards the discharge of any debt of the body or otherwise for a purpose for which capital money may be applied.

(7) Capital money shall not be applied by a local authority under the last foregoing subsection—

(a) in pursuance of sub-paragraph (a)(i) thereof, for a purpose of an undertaking of the authority, being a transport, water, district heating, harbour, dock, pier or ferry undertaking, or a market or civic restaurant; or

- (b) in pursuance of sub-paragraph (a)(ii) thereof, in or towards repayment of a debt incurred for any such purpose as is mentioned in the last foregoing paragraph; or
- (c) in pursuance of sub-paragraph (a)(iv) thereof, so as to make the fund mentioned in that sub-paragraph exceed such sum as the Minister may from time to time determine, either generally or in any particular case.”

12 Power to amend local Acts

- (1) The Minister may, subject to the provisions of this section, by order repeal or amend any provision in any local Act passed before this Act or in any Act passed before this Act and confirming a provisional order, where it appears to him that the provision is inconsistent with, or has become unnecessary in consequence of, any provision of this Act.
- (2) The Minister shall not make an order under this section repealing or amending any provision in a local Act the Bill for which was promoted by a local authority, or by any body whose functions under the local Act have become exercisable by a local authority, except on the application of that authority.
- (3) Before making an order under this section the Minister shall consult with any local authority who appear to him to be concerned, not being an authority by whom an application for the making of the order was made.
- (4) An order under this section—
 - (a) may contain such transitional, supplemental or incidental provisions as appear to the Minister to be expedient, and
 - (b) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (5) Any reference in this section to a local authority shall be construed as referring to a local authority within the meaning of the Act of 1933, other than a parish council, and to the council of a metropolitan borough.

13 Expenses

There shall be paid out of moneys provided by Parliament any increase attributable to the provisions of this Act in the sums payable out of moneys so provided under any other enactment.

14 Application to Isles of Scilly

- (1) The Minister may, after consultation with the Council of the Isles of Scilly, by order made by statutory instrument provide for the application of this Act (except sections 4 and 9 thereof) to the Isles of Scilly; and any such order may provide for the application of this Act (except as aforesaid) to those Isles subject to such modifications, or to the exception of such provisions thereof, as may be specified in the order.
- (2) The exercise of the power conferred by this section shall be without prejudice to the powers of the Minister under section 292 of the Act of 1933.

15 Interpretation

(1) In this Act—

" the Act of 1933 " means the Local Government Act 1933 ;

" the Act of 1939 " means the London Government Act 1939 ;

" the Act of 1948 " means the Local Government Act 1948;

" the Minister " means the Minister of Housing and Local Government

(2) References in this Act to any enactment, except where the context otherwise requires, shall be construed as references to that enactment as amended by or under any other enactment including this Act.

16 Repeals

The enactments specified in columns 1 and 2 of Schedule 2 to this Act are hereby repealed to the extent specified in column 3 of that Schedule.

17 Short title and extent

(1) This Act may be cited as the Local Government (Financial Provisions) Act 1963.

(2) This Act shall not extend to Scotland or to Northern Ireland.

SCHEDULES

SCHEDULE 1

Section 7.

LOCAL AUTHORITY BONDS

- 1 —Local authority bonds issued by a local authority shall, subject to the next following paragraph.—
 - (a) bear interest at such rate as the local authority may determine at the time of the issue of the bonds ;
 - (b) be issued in denominations of five pounds and multiples of five pounds ;
 - (c) be issued for periods of not less than one year.
- 2 The period for which any local authority bonds are issued by a local authority may be extended for such further period as the local authority and the persons entitled to repayment of the money raised by the issue of those bonds agree and during that further period shall bear interest at such rate as may be so agreed.
- 3 The provisions of section 115 of the Stamp Act 1891 (which relates to composition for stamp duty) shall, with the necessary modifications, apply in the case of any local authority by whom local authority bonds are issued as if those bonds were stock or funded debt of the authority within the meaning of that section.
- 4 Local authority bonds may be issued by a local authority at such price as the authority may from time to time determine, but not, without the consent of the Minister, at a discount.
- 5 (1) Local authority bonds shall, without prejudice to the foregoing provisions of this Schedule, be issued, transferred, dealt with and redeemed upon such terms and in accordance with such provisions as may be prescribed by regulations made by the Minister with the approval of the Treasury; and any such regulations may, in relation to any local authority bonds, apply (with or without modifications) any provisions of any enactments relating to stock or debentures issued by or mortgages created by a local authority.

(2) The power to make regulations under the foregoing sub-paragraph shall be exercisable by statutory instrument; and an instrument containing such regulations shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Status: This is the original version (as it was originally enacted).

SCHEDULE 2

Section 16.

ENACTMENTS REPEALED

Session and Chapter	Short Title	Extent of Repeal
53 & 54 Vict. c. 3.	The County Councils Association Expenses Act 1890.	The whole Act.
23 & 24 Geo. 5. c. 51.	The Local Government Act 1933.	In section 267, the words " or officers " in both places where they occur.
2 & 3 Geo. 6. c. 40.	The London Government Act 1939.	In section 161, the words " or officers ", in both places where they occur.
10 & 11 Geo. 6. c. 13.	The County Councils Association Expenses (Amendment) Act 1947.	The whole Act.
11 & 12 Geo. 6. c. 26.	The Local Government Act 1948.	In section 114, subsection (2) and, in subsection (3), the words " (other than expenses on account of travelling) ". In section 136, the words " activities within the area of that authority, being".
1 & 2 Eliz. 2. c. 36.	The Local Government (Miscellaneous Provisions) Act 1953.	In section 1)(2), the words from " or incurred " onwards.
4 & 5 Eliz. 2. c. 36.	The Local Authorities (Expenses) Act 1956.	In section 1(1)(a), the words " or officers ".

TABLE OF STATUTES REFERRED TO IN THIS ACT

Short Title	Chapter
Rating and Valuation Act 1925	15 & 16 Geo. 5. c. 90.
Local Government Act 1933	23 & 24 Geo. 5. c. 51.
London Government Act 1939	2 & 3 Geo. 6. c. 40.
Local Government Act 1948	11 & 12 Geo. 6. c. 26.
Local Government (Miscellaneous Provisions) Act 1953	1 & 2 Eliz. 2. c. 36.
Local Authorities (Expenses) Act 1956	4 & 5 Eliz. 2. c. 36.
Housing (Financial Provisions) Act 1958	6 & 7 Eliz. 2. c. 42.
Local Government Act 1958	6 & 7 Eliz. 2. c. 55.
Housing Act 1961	9 & 10 Eliz. 2. c. 65.