



# Local Government and Housing Act 1989

## 1989 CHAPTER 42

### <sup>F1</sup>PART IV

#### REVENUE ACCOUNTS AND CAPITAL FINANCE OF LOCAL AUTHORITIES

##### *Capital receipts*

#### **59 The reserved part of capital receipts.**

- (1) At the time when a local authority receive a capital receipt, a part of that receipt (in this Part referred to as “the reserved part”) shall be set aside by the authority as provision to meet credit liabilities.
- (2) Subject to the following provisions of this section, the reserved part of a capital receipt shall be—
  - (a) in the case of a receipt in respect of the disposal of dwelling-houses for the purposes of Part II of the <sup>M1</sup>Housing Act 1985 (provision of housing), 75 per cent; and
  - (b) in the case of any other receipt, 50 per cent.
- (3) The Secretary of State may by regulations alter the percentage which (by virtue of subsection (2) above or the previous exercise of this power) is for the time being the reserved part of any capital receipt or provide that the amount which is the reserved part of any capital receipt shall be determined in accordance with the regulations; and any such regulations may make different provision in relation to—
  - (a) different descriptions of capital receipts; and
  - (b) different descriptions of local authority;and where the regulations specify a percentage, it may be any percentage from nil to 100.
- (4) If the Secretary of State by regulations so provides, capital receipts of a description specified in the regulations shall be treated for the purposes only of this section as reduced by an amount determined in accordance with the regulations.

*Status: Point in time view as at 11/09/1998. This version of this provision has been superseded.*

*Changes to legislation: Local Government and Housing Act 1989, Section 59 is up to date with all changes known to be in force on or before 11 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (5) In the exercise of the power conferred by subsection (3) or subsection (4) above, capital receipts and local authorities may be differentiated in any manner which appears to the Secretary of State to be appropriate and, in particular,—
- (a) capital receipts may be differentiated by reference to the source from which they are derived including, in the case of receipts derived from disposals, different descriptions of disposals; and
  - (b) local authorities may be differentiated by reference to their type, their credit ceilings and the nature of their statutory powers and duties.
- (6) Without prejudice to subsection (3) above, in any case where—
- (a) the consent of the Secretary of State is required for a disposal of a dwelling-house or any other property, and
  - (b) the Secretary of State gives a direction under this subsection with respect to a capital receipt in respect of that disposal,
- subsection (2) above shall have effect in relation to that capital receipt as if it provided that the reserved part of the receipt were a percentage thereof specified in the direction or, according as the direction provides, an amount determined in accordance with the direction; but any direction under this subsection relating to a 1980 Act receipt shall be made before 1st April 1990.
- (7) Subsection (1) above does not apply to a capital receipt received by an authority as trustee of a trust fund which is held for charitable purposes.
- (8) Where a local authority receive a capital receipt in respect of an asset, investment, grant or other financial assistance which was originally acquired or made by the authority wholly or partly out of moneys provided by Parliament on terms which require, or enable a Minister of the Crown to require, the payment of any sum to such a Minister on or by reference to the disposal of the asset or investment or the repayment of the grant or assistance, the amount of the capital receipt shall be treated for the purposes of the preceding provisions of this section as reduced by the sum which appears to the authority to be so payable, including, in the case of a 1980 Act receipt, any sum which was payable, but was not in fact paid, before 1st April 1990.
- (9) Where a local authority receive a capital receipt, not being a 1980 Act receipt, in respect of—
- (a) a disposal of land held for the purposes of Part II of the <sup>M2</sup>Housing Act 1985, or
  - (b) any other disposal of land made by virtue of Part V (the right to buy) of that Act,
- the amount of the capital receipt shall be treated for the purposes of the preceding provisions of this section as reduced by so much of the receipt as is applied by the authority in defraying the administrative costs of and incidental to any such disposal.

**Modifications etc. (not altering text)**

- C1** S. 59 modified by S.I. 1990/432, **regs. 17, 18, 19(1)–(4)** and reg. 19A (as added by S.I. 1991/500, **reg. 2(f)**)
- C2** S. 59 restricted (1.4.1996) by S.I. 1996/633, **art. 7(1)(b)**
- C3** S. 59(2) restricted (1.4.1996) by S.I. 1996/633, **art. 7(1)(a)**

**Marginal Citations**

- M1** 1985 c. 68.

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**M2** 1985 c.68.

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