

Status: Point in time view as at 01/04/2005.

Changes to legislation: Local Government Act 2003, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 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)

SCHEDULES

SCHEDULE 1

Section 19

CAPITAL FINANCE: PARISH AND COMMUNITY COUNCILS AND CHARTER TRUSTEES

Introductory

- 1 The following are local authorities for the purposes of this Schedule—
- (a) a parish council;
 - (b) a community council;
 - (c) charter trustees.

Commencement Information

- I1** Sch. 1 para. 1 in force at 27.11.2003 for specified purposes for W. by S.I. 2003/3034, art. 2, Sch. 1 Pt. I
- I2** Sch. 1 para. 1 in force at 1.4.2004 for E. by S.I. 2003/2938, art. 7(b) (with art. 8, Sch.)

Borrowing

- 2 (1) Subject to sub-paragraph (2), a local authority may borrow money—
- (a) for any purpose relevant to its functions under any enactment, or
 - (b) for the purposes of the prudent management of its financial affairs.
- (2) A local authority may only borrow money (whether under sub-paragraph (1) or otherwise)—
- (a) for a purpose or class of purpose approved for the purposes of this provision by the appropriate person, and
 - (b) in accordance with any conditions subject to which the approval is given.
- (3) Sub-paragraph (2) does not apply—
- (a) to borrowing by way of temporary loan or overdraft from a bank or otherwise of sums which a local authority may temporarily require—
 - (i) for the purpose of meeting expenses pending the receipt of revenues receivable by it in respect of the period of account in which the expenses are chargeable, or
 - (ii) for the purpose of meeting expenses intended to be met by means of borrowing in accordance with approval under sub-paragraph (2), or
 - (b) to borrowing for the purpose of repaying money borrowed in accordance with approval under sub-paragraph (2), where the new borrowing takes place during the fixed period relating to the existing borrowing.
- (4) A local authority's functions under this paragraph shall be discharged only by the authority.

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Commencement Information

- I3** Sch. 1 para. 2 in force at 27.11.2003 for specified purposes for W. by S.I. 2003/3034, art. 2, Sch. 1 Pt. I
I4 Sch. 1 para. 2 in force at 1.4.2004 for E. by S.I. 2003/2938, art. 7(b) (with art. 8, Sch.)

- 3 (1) Where a local authority meets any expenditure by borrowing, it shall in each financial year debit the appropriate amount to the account from which that expenditure would otherwise fall to be met; but that duty shall not prevent the authority debiting a larger amount to that account.
- (2) The appropriate amount for the purposes of sub-paragraph (1) is a sum equivalent to an instalment of principal and interest combined such that if paid annually it would secure the payment of interest at the due rate on the outstanding principal together with the repayment of the principal not later than the end of the fixed period.
- (3) Sub-paragraph (1) has effect subject to sub-paragraph (4) if—
- (a) a local authority makes an advance to any other person and the expenditure incurred in making the advance is met by borrowing, and
 - (b) the terms of that advance are such that repayment is to be made otherwise than by equal instalments of principal and interest combined.
- (4) The local authority may debit to the account from which the expenditure met by the borrowing would otherwise fall to be met sums of different amounts (whether or not including instalments of principal) in respect of different financial years in order to take account of the terms on which its advance falls to be repaid.

Commencement Information

- I5** Sch. 1 para. 3 in force at 27.11.2003 for specified purposes for W. by S.I. 2003/3034, art. 2, Sch. 1 Pt. I
I6 Sch. 1 para. 3 in force at 1.4.2004 for E. by S.I. 2003/2938, art. 7(b) (with art. 8, Sch.)

Loans

- 4 (1) A local authority may lend to a qualifying local government body, on such terms as they may agree, such sums as the body may require for any purpose for which it is authorised by or under any enactment to borrow money.
- (2) In sub-paragraph (1), “qualifying local government body” means a body with local government functions which is specified for the purposes of this paragraph by regulations made by the appropriate person.

Commencement Information

- I7** Sch. 1 para. 4 in force at 27.11.2003 for specified purposes for W. by S.I. 2003/3034, art. 2, Sch. 1 Pt. I
I8 Sch. 1 para. 4(1) in force at 1.4.2004 for E. by S.I. 2003/2938, art. 7(b) (with art. 8, Sch.)
I9 Sch. 1 para. 4(2) in force at 18.11.2003 for specified purposes for E. by S.I. 2003/2938, art. 3(g) (with art. 8, Sch.)
I10 Sch. 1 para. 4(2) in force at 1.4.2004 for E. in so far as not already in force by S.I. 2003/2938, art. 7(b) (with art. 8, Sch.)

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“Fixed period”

- 5 In this Schedule, references to the fixed period, in relation to borrowing by a local authority, are to the period within which the money borrowed is to be repaid as determined by the local authority with the consent of the appropriate person.

Commencement Information

- I11** Sch. 1 para. 5 in force at 27.11.2003 for specified purposes for W. by S.I. 2003/3034, art. 2, Sch. 1 Pt. I
I12 Sch. 1 para. 5 in force at 1.4.2004 for E. by S.I. 2003/2938, art. 7(b) (with art. 8, Sch.)

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