

## SCHEDULE 3

### PART II

#### PAYMENTS IN RESPECT OF NET COST OF TRANSFERRED PROPERTY

2. Payments in respect of the net cost of the transferred property shall be made in accordance with the following provisions of this Part of this Schedule.

3.—(1) Where in any financial year commencing with 1985/86 the outgoings in respect of the transferred property exceed the rents (including subsidies) receivable therefor, the difference shall be paid by the Council.

(2) In this paragraph, subject to any adjustment under paragraph 4 to 6—

“the outgoings” means the sum of:—

- (i) the liabilities of the transferee under article 19 for the year in question, and
- (ii) the costs of managing and maintaining the transferred property for 1984/85, as determined by the Council;

“rents” means all the income from the transferred property (including rent rebate subsidy) for 1984/85, as determined by the Council; and

“subsidies” means all grants or subsidies payable in respect of the transferred property, other than rent rebate subsidy.

(3) Any payment which falls to be made for 1985/86 shall be abated in proportion to the part of that year which commences with the relevant date.

(4) For 1985/86 any factors which are agreed between the Council and the transferee to be peculiar to 1985/86 and attributable to events occurring immediately before the relevant date, shall be taken into account for that year.

(5) Where—

- (a) any building which is in the course of construction on the transferred property at the relevant date, or
- (b) any building on property listed in Part 5 of the deposited Schedule,

becomes available for letting after the relevant date, the outgoings and the rents in respect thereof shall be appropriately adjusted in such manner as the Council shall determine.

4. The costs referred to in paragraph 3 shall be adjusted in accordance with—

- (a) such office and other accommodation as the transferee may require for the purpose of managing and maintaining the transferred property, in addition to any such accommodation which is included in the transferred property;
- (b) the costs incurred by the transferee in pursuance of Schedule 2; and
- (c) in respect of 1985/86, all special costs reasonably incurred by the transferee within six months of the relevant date in consequence of this order, as agreed with the Council.

5.—(1) In calculating the subsidies referred to in paragraph 3, no account shall be taken of any recoupment or reduction of subsidy under Part VI of the Housing Act 1980, save such as may result from the demolition by the transferee of any houses on the transferred property occurring after the relevant date in pursuance of a programme under Schedule 1.

(2) Where the period for which subsidy would be receivable but for the said recoupment or reduction begins before the relevant date, the amount of subsidy which would be receivable but for

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the recoupment or reduction shall be such reasonable amount as the Council and the transferee may agree.

6.—(1) The costs referred to in paragraph 3(2)(ii) shall be taken to be increased in each year by an amount to be determined by the Council, which shall not be less than the sum per dwelling stated by the Secretary of State to have been used for the purpose of determining the reckonable expenditure of the transferee under section 99 of the Housing Act 1980.

(2) The rents referred to in paragraph 3 shall be taken to be increased in each year by an amount to be determined by the Council, which shall not exceed the sum per dwelling stated by the Secretary of State to have been used for the purpose of determining the local contribution differential of the transferee under section 100 of the Housing Act 1980.

(3) Before determining the amount of any increase under this paragraph, the Council shall consult the transferee and a representative body.

7.—(1) Where the transferee disposes of or appropriates any transferred property, any payment falling to be made in respect of that property under paragraph 3 for any financial year commencing after the disposal or appropriation takes place shall be adjusted in accordance with the following provisions of this paragraph.

(2) For the purpose of this paragraph the Council shall determine what payment (if any) would fall to be made under this Part of this Schedule if the property so disposed of or appropriated were the only transferred property (in this paragraph referred to as “the part payment”).

(3) Where the consideration for the disposal, or the value at which the appropriation is made, expressed in money, is sufficient to discharge the outstanding loan debt attributable to the property, the payment for which the Council is liable shall be reduced by the amount of the part payment.

(4) Where such consideration or value is insufficient to discharge the outstanding loan debt attributable to the property, and the part payment exceeds the residual loan charges, the payment for which the Council is liable shall be reduced by the excess of the part payment over the residual loan charges.

(5) In this paragraph “residual loan charges” means such part of the loan charges payable in respect of the property as the Council shall determine, being the amount which would remain to be met after applying in respect of the property either any annual mortgage payments to be made to the transferee, or any capital sums received by the transferee, and after deducting any grant or subsidy continuing to be payable in respect of the property.

8. The transferee shall furnish the Council with sufficient details of the disposal or appropriation of any transferred property to enable the adjustment required by paragraph 7 to be made.

9.—(1) Not later than the 31st March 1990, the Council shall review the terms set out in this Part of this Schedule for the purpose of considering the need for payments to be, or continue to be, made by the Council; and where it is agreed in consequence of such review that payments should be made having regard to the financial needs of the transferee, then the Council shall make such payments for such a period, and on such terms and conditions, as may be agreed.

(2) The Council or the transferee may at any time give notice requiring the terms set out in this Part of this Schedule to be reviewed, and specifying the circumstances which in the opinion of the notifying party call for the review, and thereupon the Council shall review the said terms; and in the event of such a review such payments shall be made as may be agreed or in default of agreement determined by the Secretary of State.

(3) Not earlier than the 31st March 1995, and every five years thereafter, the Council may, and if so requested by the transferee shall, carry out a further review of the terms set out in this Part of this Schedule; and the provisions of sub-paragraph (1) shall apply to any such further review.

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(4) Any review to which this paragraph applies shall be carried out by the Council in consultation with the transferee and a representative body.