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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations apply in cases where a local authority affected by a reorganisation under Part II of the Local Government Act 1992 is a “designated authority” for the purposes of Part III of the Local Government Changes for England (Property Transfer and Transitional Payments) Regulations 1995 (“the Property Transfer Regulations”). Such an authority may be one of two or more “successor authorities” in relation to an “abolished authority” or it may be “the relinquishing authority in relation to a transferred area”. In relation to such an authority, the other “successor authorities” or, as the case may be, “the acquiring authority” in relation to that transferred area are “participant authorities”. All these expressions and the other expressions used in the Regulations are defined in regulation 2.

Regulation 3 requires an abolished authority to provide estimates of borrowings and other specified amounts to the designated authority.

Regulation 4 provides that participant authorities are liable to make payments to the designated authority where, in the financial year beginning on “the reorganisation date”, that authority is, by virtue of section 63(1) of the Local Government and Housing Act 1989, required to set aside an amount from its revenue account as provision to meet credit liabilities and, in the case of a designated authority which is a successor authority, that amount is greater than it would have been if the Local Government Changes for England (Capital Finance) Regulations 1995 had not been made. (Part V of those Regulations makes provision for the determination by such an authority of the amounts to be set aside by virtue of section 63(1)). A liability arises where the amount required to be so set aside includes an amount determined in respect of certain supplementary credit approvals or certain advances from loans funds made before 1 April 1990 or where amounts which are modified forms of the housing, non-housing or relevant amounts determined for the purposes of Part VII of the Local Authorities (Capital Finance) Regulations 1990 (“the 1990 Regulations”) are positive amounts.

A liability is discharged by the making of payments consisting of a component in respect of principal and a component in respect of interest. The Regulations provide that matters relating to the calculation of the components and making of the payments may be agreed by the designated authority and the participant authorities but the Regulations make provision in default of such agreements.

Regulation 5 provides for the times at which the components are to be calculated and regulation 6 regulates the making of the payments (including payment by instalments and the making of adjustments if there has been an over or underpayment).

Regulation 7 makes provision for the payment of interest on late payments.

Regulation 8 enables a participant authority, after giving notice to the designated authority, to make voluntary additional payments to discharge its liability at any time.

Regulation 9 modifies the 1990 Regulations, primarily, to enable participant authorities to make voluntary additional payments otherwise than from a revenue account and requires the designated authority to treat such payments as capital receipts of which 100%percnt; shall be set aside as provision to meet credit liabilities.

Regulation 10 requires the designated authority to supply information, on request, to participant authorities and regulation 11 provides for arbitration in case of dispute about any calculation or determination by the designated authority.

The Schedule sets out the method to be used for the calculation of the components of payments, unless the authorities concerned agree otherwise.