

SCHEDULE

Regulation 4(3)

CALCULATION OF RELEVANT COMPONENTS

PART I

INTERPRETATION

1.—(1) In this Schedule—

“commutation adjustment” means the amount of a commutation adjustment determined in accordance with Part III of Schedule 6 to the 1990 Regulations;

“HRA dwellings” means dwellings in respect of which sums fall to be credited or debited to a Housing Revenue Account;

“housing proportion” means such proportion as the designated authority and the participant authority may agree or, in default of such agreement—

(a) in a case where HRA dwellings were vested in the relevant authority immediately before the reorganisation date, the proportion which the number of the dwellings (if any) transferred from that authority to the participant authority bears to the total number of HRA dwellings vested in the relevant authority immediately before that date; or

(b) in a case where no HRA dwellings were so vested, the proportion determined in accordance with the formula—

$$\frac{ct}{CT}$$

“non-housing proportion” means such proportion as the designated authority and the participant authority may agree or, in default of such agreement, the proportion determined in accordance with that formula—

where—

CT is the amount calculated by the relevant authority as its council tax base for the final year; and

ct is the designated authority’s estimate of so much of that amount as relates to any area which, immediately before the reorganisation date, was the whole or part of the relevant authority’s area and which, on and after that date, is the whole or part of the participant authority’s area (whether or not it was also the whole or part of that authority’s area immediately before that date); and

“transferred” has the same meaning as in the Schedule to the Property Transfer Regulations.

(2) For the purposes of any calculation in accordance with this Schedule, any reference to an amount includes, where that amount has not yet been ascertained, a reference to the designated authority’s estimate of the amount.

PART II

COMPONENT IN RESPECT OF PRINCIPAL

2. Subject to paragraphs 3 and 4 below, the amount of the component in respect of principal for the current year shall be the aggregate of—

(a) where the amount which the designated authority is, or would be, required to set aside as mentioned in regulation 4(1) includes or, as the case may be, would include one or more

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amounts determined as mentioned in regulation 4(2)(a), the amount or amounts calculated in accordance with the formula—

$$E \times F; \text{ or}$$

- (b) where one or more of the amounts mentioned in regulation 4(2)(b) is a positive amount, the amount or amounts calculated in accordance with the formula—

$$\frac{E \times H}{G + H} \times K;$$

where—

E is, as the case may be—

- (i) an amount determined by the designated authority for the current year for the purposes of sub-paragraph (b) of paragraph (1) of regulation 26 of the 1990 Regulations in respect of any relevant housing advances or, as the case may be, relevant non-housing advances; or
- (ii) an amount determined by the designated authority for the current year for the purposes of sub-paragraph (c) of paragraph (1) of regulation 26 of the 1990 Regulations in respect of any relevant housing SCAs or, as the case may be, relevant non-housing SCAs;

F is, as the case may be—

- (i) where item E is an amount determined in respect of relevant housing advances or, as the case may be, relevant housing SCAs, the housing proportion; or
- (ii) where item E is an amount in respect of relevant non-housing advances or, as the case may be, relevant non-housing SCAs, the non-housing proportion;

G is, as the case may be—

- (i) the modified housing amount;
- (ii) the modified non-housing amount; or
- (iii) the modified relevant amount;

H is—

- (i) where item G is the modified housing amount, the housing proportion; and
- (ii) where item G is the modified non-housing amount or the modified relevant amount, the non-housing proportion;

J is an amount equal to so much of the total of any amounts payable by the participant authority in accordance with regulation 6 as the component in respect of principal for any financial year preceding the current year, and any amounts paid in respect of that component by that authority in any such year in accordance with regulation 8, as that authority and the designated authority agree to be attributable to, as the case may be—

- (i) the modified housing amount;
- (ii) the modified non-housing amount; or
- (iii) the modified relevant amount;

or, in default of such agreement, as the designated authority determines to be so attributable; and

K is—

- (i) where item G is the modified housing amount, 2%percnt; and
- (ii) where item G is the modified non-housing amount or the modified relevant amount, 4%percnt;.

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3. Where, for the current year, the amount in respect of principal for the purposes of paragraph 15(1)(a) of Schedule 3 to the 1989 Act falls to be determined in relation to the designated authority in accordance with regulation 26(7) of the 1990 Regulations, the amount of the component in respect of principal calculated for that year in accordance with paragraph 2 above shall be reduced by such amount in respect of the designated authority's commutation adjustment in respect of that year as the designated authority and the participant authority may agree or, in default of such agreement, as the designated authority may determine.

4. Where the designated authority is a successor authority in relation to an abolished authority, the reference in paragraph 3 above to the designated authority's commutation adjustment is a reference to so much of that commutation adjustment, if any, as is attributable to the amount which would have been the commutation adjustment of the abolished authority if the section 17 order providing for that authority to be wound up and dissolved on the reorganisation date had not been made(1).

### PART III

#### COMPONENT IN RESPECT OF INTEREST

5. The amount of the component in respect of interest for the current year shall be the aggregate of—

- (a) where the amount which the designated authority is, or would be, required to set aside as mentioned in regulation 4(1) includes or, as the case may be, would include one or more amounts determined as mentioned in regulation 4(2)(a), the amount or amounts calculated in accordance with the formula—

$$\{(L \times M) - N\} \times P; \text{ or}$$

- (b) where one or more of the amounts mentioned in regulation 4(2)(b) is a positive amount, the amount or amounts calculated in accordance with the formula—

$$\{(G \times H) - (J + Q)\} \times P$$

where—

G, H and J have the same meaning as in paragraph 2 above

L is, as the case may be—

- (i) an amount equal to the total of any amounts determined by the designated authority for the current year and for subsequent financial years for the purposes of sub-paragraph (b) of paragraph (1) of regulation 26 of the 1990 Regulations in respect of any relevant housing advances or, as the case may be, non-housing advances; or
- (ii) an amount equal to the total of any amounts determined by the designated authority for the current year and for subsequent financial years for the purposes of sub-paragraph (c) of paragraph (1) of regulation 26 of the 1990 Regulations in respect of any relevant housing SCAs or, as the case may be, relevant non-housing SCAs;

M is, as the case may be—

- (i) where item L is an amount determined in respect of relevant housing advances or, as the case may be, relevant housing SCAs, the housing proportion; or
- (ii) where item L is an amount in respect of relevant non-housing advances or, as the case may be, relevant non-housing SCAs, the non-housing proportion;

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(1) Part VI of the 1995 Regulations makes provision for the commutation adjustments of a designated authority which is a successor authority in relation to an abolished authority.

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N is an amount equal to one-half of so much of the amount payable by the participant authority in accordance with regulation 6 as the component in respect of principal for the current year as that authority and the designated authority agree to be attributable to, as the case may be—

- (i) relevant housing advances or non-housing advances; or
- (ii) relevant housing SCAs or non-housing SCAs;

or, in default of such agreement, as the designated authority determines to be so attributable;

P is such percentage as the designated authority and the participant authority agree in respect of rates of interest payable by the designated authority for the current year on money borrowed by that authority or, in default of such agreement, as the designated authority determines to be equivalent to the average of the rates of interest which are so payable; and, for this purpose, money borrowed by an abolished authority in respect of which liabilities are vested in the designated authority by virtue of regulation 6(8) of the Property Transfer Regulations shall be treated as money borrowed by that authority; and

Q is an amount equal to one-half of so much of the amount payable by the participant authority in accordance with regulation 6 as the component in respect of principal for the current year as that authority and the designated authority agree to be attributable to, as the case may be—

- (i) the modified housing amount; or
- (ii) the modified non-housing amount; or
- (iii) the modified relevant amount;

or, in default of such agreement, as the designated authority determines to be so attributable.