
STATUTORY INSTRUMENTS

1995 No. 798

**The Local Government Changes for
England (Capital Finance) Regulations 1995**

PART V

CREDIT CEILINGS AND MINIMUM REVENUE PROVISION

Interpretation of Part

17.—(1) In this Part—

“determined amount” means—

- (a) in relation to a credit arrangement of which the rights and liabilities are vested in a single participant authority, the amount of any credit approval which an abolished authority or a relinquishing authority, or the designated authority in relation to an abolished authority, have determined under section 56(1)(b) of the 1989 Act to treat as authority to enter into, or agree to a variation of, a credit arrangement; and
- (b) in relation to a credit arrangement of which the rights and liabilities are vested in a participant authority and any other local authority or the Residuary Body jointly and severally, such proportion of the amount referred to in sub-paragraph (a) above as T, in relation to the same arrangement, bears to the amount which would be T if paragraph 7 of the Schedule to the Transfer of Property Regulations were not subject to paragraph 1(3) of that Schedule;

“excluded arrangement” means a credit arrangement entered into by an abolished authority or a relinquishing authority which is excluded by regulations under paragraph 11(2) of Schedule 3 to the 1989 Act⁽¹⁾;

“housing component” means the housing component of the authority’s adjusted credit ceiling determined in accordance with paragraph 3(5) of Schedule 5 to the 1990 Regulations;

“Housing Revenue Account” means the account required to be kept under Part VI of the 1989 Act;

“non-housing component” means the non-housing component of the authority’s adjusted credit ceiling determined in accordance with paragraph 5(5) of Schedule 5 to the 1990 Regulations;

“relevant amount” means the relevant amount determined in accordance with Part III of Schedule 5 to the 1990 Regulations;

“relevant arrangement” means a credit arrangement, other than an excluded arrangement, entered into by an abolished authority or a relinquishing authority;

“R”, “T” and “U” mean respectively, in relation to a credit arrangement and a participant authority, the amount R, the amount T and the amount U determined under paragraph 7 of the Schedule to the Transfer of Property Regulations as that paragraph has effect subject to paragraph 1(3) of that Schedule; and

(1) See regulation 22 of the 1990 Regulations.

“vesting day” means the day when rights and liabilities under a credit arrangement are vested as mentioned in regulation 3(4) above in another local authority.

(2) In this Part, subject, where the context requires, to a modification made under any provision of this Part—

(a) any reference to the credit ceiling of a local authority on any day shall be construed as a reference to that authority’s credit ceiling on that day as determined under Part III of Schedule 3 to the 1989 Act; and

(b) any reference to the adjusted credit ceiling of a local authority shall be construed in accordance with paragraph 18 of Schedule 3 to the 1989 Act.

(3) For the purposes of this Part, where a local authority’s credit ceiling, adjusted credit ceiling, housing component, non-housing component or relevant amount on any day falls to be adjusted by the addition of any negative sum or the deduction of any positive sum, the amount in question, by virtue of the adjustment, may be less than it was and may be a negative amount.

Credit ceiling of shadow authority

18. On the date on which a shadow authority come into existence—

(a) the shadow authority shall be treated as having a credit ceiling of nil; and

(b) for the purposes of paragraph 2 of Part II of Schedule 4 to the 1990 Regulations⁽²⁾, the shadow authority’s credit ceiling on that day shall be treated as their adjusted initial credit ceiling.

Credit ceiling of designated authority

19.—(1) Subject to paragraphs (2) and (3), the credit ceiling on the reorganisation date of a designated authority in relation to an abolished authority shall be the aggregate of—

(a) the amount which would, apart from this paragraph, have been the designated authority’s credit ceiling on that date; and

(b) the credit ceilings on the last day of the preliminary period of the abolished authority and any other abolished authority in relation to the designated authority.

(2) Where any amount is added to the credit ceiling of a participant authority by virtue of regulation 20(1) below, an equivalent amount shall be deducted on the same day from the credit ceiling of the designated authority.

(3) Where any amount is deducted from the credit ceiling of a participant authority by virtue of regulation 20(1) or (2) below, an equivalent amount shall be added on the same day to the credit ceiling of the designated authority.

Credit ceiling of participant authority

20.—(1) Where the rights and liabilities under a relevant arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority’s credit ceiling shall be adjusted on the vesting day by—

(a) adding to it an amount equal to the determined amount for the arrangement in question; and

(b) deducting from it an amount equal to the aggregate of T and U as determined for the arrangement in question.

(2) Where the rights and liabilities under an excluded arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and

(2) Paragraph (2) of Part II of Schedule 4 to the 1990 Regulations was added by [S.I. 1991/500](#).

severally, the participant authority's credit ceiling shall be adjusted on the vesting day by deducting from it an amount equal to the aggregate of R, T and U as determined for the arrangement in question.

Credit ceiling and adjusted credit ceiling on the last day of a financial year

21.—(1) In this regulation, “the relevant day” means the last day of the financial year immediately preceding the financial year beginning on the reorganisation date.

(2) In Part IV of the 1989 Act and the 1990 Regulations, any reference to a local authority's credit ceiling or adjusted credit ceiling on the last day of a financial year shall, in relation to the credit ceiling or adjusted credit ceiling of a designated authority or participant authority on the relevant day, be construed as a reference to the credit ceiling or, as the case may be, adjusted credit ceiling of the authority in question on the reorganisation date.

(3) For the purposes of paragraph (2) above, the credit ceiling or adjusted credit ceiling on the relevant day of a newly-established authority means the credit ceiling or adjusted credit ceiling on that day of the shadow authority which has become the newly-established authority.

Adjusted credit ceilings

22. The adjusted credit ceiling of a designated authority and the adjusted credit ceiling of a participant authority shall be modified or adjusted as if, in regulations 19 and 20 above, for any reference to the credit ceiling of an authority there were substituted a reference to that authority's adjusted credit ceiling.

Housing and non-housing component of designated successor authority

23.—(1) In this regulation—

“abolished housing authority” means an abolished authority which is required to keep a Housing Revenue Account; and

“abolished non-housing authority” means an abolished authority which is not required to keep a Housing Revenue Account.

(2) In this regulation and regulation 24—

(a) any reference to a local authority's housing component or non-housing component shall be construed as a reference to that authority's housing component or non-housing component on the last day of the preliminary period; and

(b) in relation to a newly-established authority, any reference to the relevant amount shall be construed as a reference to the amount which would be the relevant amount of that authority for the financial year beginning on the reorganisation date if—

(i) they were not required on and after that date to keep a Housing Revenue Account; and

(ii) for the purposes of regulation 21 above, their adjusted credit ceiling on the reorganisation date was the same as their adjusted credit ceiling on the last day of the preliminary period; and

(c) in relation to any authority which is not a newly-established authority, any reference to the relevant amount shall be construed as a reference to the amount which would be that authority's relevant amount for the financial year beginning on the reorganisation date if no order under section 17 of the Local Government Act 1992 had been made.

(3) Subject to regulation 27, where a designated authority in relation to an abolished authority are required before the reorganisation date to keep a Housing Revenue Account—

(a) where the abolished authority is an abolished housing authority—

- (i) the designated authority's housing component shall be adjusted by adding to it the housing component of the abolished authority; and
 - (ii) the designated authority's non-housing component shall be adjusted by adding to it the non-housing component of the abolished authority; and
 - (b) where the abolished authority is an abolished non-housing authority, the designated authority's non-housing component shall be adjusted by adding to it the relevant amount of the abolished authority.
- (4) Subject to regulation 27, where a designated authority in relation to an abolished housing authority are not required before the reorganisation date to keep a Housing Revenue Account, the designated authority shall be treated as if, on the last day of the preliminary period, they had—
- (a) a housing component equal to the aggregate of the housing components of the abolished housing authority and any other abolished housing authority in relation to which they are the designated authority; and
 - (b) a non-housing component equal to the aggregate of—
 - (i) the designated authority's relevant amount;
 - (ii) the non-housing components of the abolished housing authority and any other abolished housing authority in relation to the designated authority;
 - (iii) the relevant amount of any abolished non-housing authority in relation to which they are the designated authority.

Housing component of newly-established participant authority

24. Where a participant authority who are a newly-established authority are required on and after the reorganisation date to keep a Housing Revenue Account, that authority shall be treated as if, on the last day of the preliminary period, they had—

- (a) a housing component of nil; and
- (b) a non-housing component equal to their relevant amount.

Housing component of participant authority

25.—(1) In this regulation—

“excluded housing arrangement” means an excluded arrangement which is a housing arrangement;

“housing arrangement” means a credit arrangement entered into for any purpose for which expenditure incurred and charged to a revenue account would have been required, under Part VI of the 1989 Act, to be charged to a Housing Revenue Account or Housing Repairs Account;

“relevant day” means the last day of the financial year immediately preceding the financial year in which, in relation to any credit arrangement, the vesting day falls; and

“relevant housing arrangement” means a relevant arrangement which is a housing arrangement.

(2) Any reference in this regulation to the housing component of a participant authority shall be construed as a reference to that authority's housing component on the relevant day.

(3) Where the rights and liabilities under a relevant housing arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority's housing component shall be adjusted by—

- (a) adding to it an amount equal to the determined amount for the arrangement in question; and
- (b) deducting from it an amount equal to the aggregate of T and U as determined for the arrangement in question.

(4) Where the rights and liabilities under an excluded housing arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority's housing component shall be adjusted by deducting from it an amount equal to the aggregate of R, T and U determined for the arrangement in question.

Non-housing component of participant authority

26.—(1) In this regulation—

“excluded non-housing arrangement” means an excluded arrangement which is a non-housing arrangement;

“non-housing arrangement” means a credit arrangement which is not a housing arrangement within the meaning of regulation 25 above;

“relevant day” means the last day of the financial year immediately preceding the financial year in which, in relation to any credit arrangement, the vesting day falls; and

“relevant non-housing arrangement” means a relevant arrangement which is a non-housing arrangement.

(2) Any reference in this regulation to the non-housing component of a participant authority shall be construed as a reference to that authority's non-housing component on the relevant day.

(3) Where the rights and liabilities under a relevant non-housing arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority's non-housing component shall be adjusted by—

- (a) adding to it an amount equal to the determined amount for the arrangement in question; and
- (b) deducting from it an amount equal to the aggregate of T and U as determined for the arrangement in question.

(4) Where the rights and liabilities under an excluded non-housing arrangement are vested in a participant authority, or a participant authority and any other local authority or the Residuary Body jointly and severally, the participant authority's non-housing component shall be adjusted by deducting from it an amount equal to the aggregate of R, T and U as determined for the arrangement in question.

Minimum revenue provision of designated authority further adjustments

27.—(1) In this regulation, “designated authority” means a designated authority who are required on and after the reorganisation date to keep a Housing Revenue Account.

(2) An adjustment falling to be made under this regulation to a designated authority's housing component or non-housing component on the last day of the preliminary period shall be made after any adjustment to the amount in question required to be made under regulation 23.

(3) Where any amount is added to the housing component of a participant authority under regulation 25(3) above, an equivalent amount shall be deducted from the housing component on the same day of the designated authority.

(4) Where any amount is deducted from the housing component of a participant authority under regulation 25(3) or (4) above, an equivalent amount shall be added to the housing component on the same day of the designated authority.

(5) Where any amount is added to the non-housing component of a participant authority under regulation 26(3) above, an equivalent amount shall be deducted from the non-housing component on the same day of the designated authority.

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(6) Where any amount is deducted from the non-housing component of a participant authority under regulation 26(3) or (4) above, an equivalent amount shall be added to the non-housing component on the same day of the designated authority.