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STATUTORY INSTRUMENTS

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**1996 No. 568**

**The Local Authorities (Capital Finance and Approved Investments) (Amendment) Regulations 1996**

**Initial and subsequent cost of credit arrangements**

**4.** In regulation 7—

- (a) in paragraph (1), for “paragraphs (2) to (11) below” substitute “this regulation or regulation 7A below”;
- (b) in paragraph (2), for “paragraph (3), (4), (5A), (5C), (5D), (5F), (5G) or (5H) below” substitute “paragraph (3), (4), (5A), (5C), (5D), (5F), (5G), (5H), (5J), or (5K) below”;
- (c) for paragraph (5D) substitute the following paragraph—

“(5D) This paragraph applies to a lease (“the current lease”) of relevant land, other than a lease falling within paragraph (4), (5A) or (5C) above, the term of which, or the residue of the term of which, exceeds three years and does not exceed ten years where—

- (a) the local authority who become the lessees (“the authority”) or any other local authority have not, at any time after 31st March 1989, had a leasehold interest in the whole or part of the land under a lease of which the initial cost was nil by virtue of paragraph (2) above (“an excluded lease”);
  - (b) if, at any time after 31st March 1989, the authority had a freehold interest in the land, or a leasehold interest in the land under a lease other than an excluded lease, the authority have disposed of that interest and the current lease is either—
    - (i) a lease of the whole or part of a new building constructed on the land since the date of that disposal; or
    - (ii) a lease of part of a building on the land occupied before the disposal for the purposes of, or in connection with, the exercise of any of the authority’s functions, where the capital cost of the lease does not exceed 49 per cent. of the amount which would be the capital cost of a lease on identical terms of the whole building;
  - (c) the current lease does not confer on the lessee an option to purchase the lessor’s interest in the land; and
  - (d) the capital cost of the current lease does not exceed 70 per cent. of the relevant value.”;
- (d) after paragraph (5I) insert the following paragraphs—
- “(5J) This paragraph applies to a lease of land (“the lease”) where—
- (a) the local authority who become the lessees (“the authority”) are a new fire authority;
  - (b) the old fire authority occupied the land demised by the lease on the day before the relevant date, and the authority become the lessees within a period of 12 months after the relevant date;

- (c) immediately before the date on which the authority become the lessees, another local authority have a freehold or leasehold interest in the land demised by the lease;
  - (d) the term of the lease, or the residue of the term of the lease, does not exceed ten years;
  - (e) the lease does not confer on the lessee an option to purchase the lessor's interest in the land demised by the lease; and
  - (f) where the term of the lease, or the residue of the term of the lease, exceeds three years, the capital cost of the lease does not exceed 70 per cent. of the relevant value.
- (5K) This paragraph applies to a lease of land (“the lease”) where—
- (a) the local authority who become the lessees (“the authority”) are an old fire authority;
  - (b) the authority occupied the land demised by the lease on the day before the relevant date in connection with the provision of fire services, and become the lessees of the new fire authority concerned within a period of 12 months after the relevant date;
  - (c) immediately before the date on which the authority become the lessees, the authority have a freehold or a leasehold interest in the land demised by the lease which is transferred to the new fire authority concerned under the provisions of the combination scheme which constituted the new fire authority;
  - (d) the term of the lease, or the residue of the term of the lease, does not exceed ten years;
  - (e) the lease does not confer on the lessee an option to purchase the lessor's interest in the land demised by the lease; and
  - (f) where the term of the lease, or the residue of the term of the lease, exceeds three years, the capital cost of the lease does not exceed 70 per cent. of the relevant value.
- (5L) In paragraphs (5J) and (5K) above—
- “new fire authority” means a fire authority constituted by a combination scheme under the Fire Services Act 1947<sup>(1)</sup> made in consequence of an order under Part II of the Local Government Act 1992<sup>(2)</sup> containing provision for giving effect to a structural change (with the meaning of that Part), or in consequence of the provisions of the Local Government (Wales) Act 1994<sup>(3)</sup>;
- “old fire authority”, in relation to a new fire authority, means a county council which is superseded as a fire authority by the new fire authority;
- “relevant date” means the date on which the combination scheme which constitutes a new fire authority is brought into full operation; and
- “relevant value” means the value of the lessor's interest in the land demised by the lease in question as estimated by the authority before they become the lessees—
- (a) on the assumption that they will become the lessees under the lease, and

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(1) 1947 c. 41.  
(2) 1992 c. 19.  
(3) 1994 c. 19.

- (b) according to the statement of practice on the valuation of property contained in the Appraisal and Valuation Manual published in October 1995 by the Royal Institution of Chartered Surveyors under ISBN number 0 85406 699 3.”;
- (e) in paragraph (6), in sub-paragraphs (a) and (c), for “paragraph (3), (4), (5A), (5C), (5D), (5F), (5G) or (5H) above” substitute “paragraph (3), (4), (5A), (5C), (5D), (5F), (5G), (5H), (5J), or (5K) above”;
- (f) in paragraph (7), for “paragraphs (3), (4), (5A), (5C), (5D), (5F), (5G), (5H) or (6) above” substitute “paragraphs (3), (4), (5A), (5C), (5D), (5F), (5G), (5H), (5J), (5K) or (6) above or regulation 7A below”; and
- (g) in paragraph (10A), after the words “within paragraph (6) or (7) above” insert “or regulation 7A below”.