STATUTORY INSTRUMENTS

1987 No. 351

LOCAL GOVERNMENT, ENGLAND AND WALES

The Local Government (Prescribed Expenditure) (Amendment) Regulations 1987

Made - - - -	*4th March 1987*
Laid before Parliament	*11th March 1987*
Coming into force	*1st April 1987*

The Secretary of State for the Environment, in relation to England, and the Secretary of State for Wales, in relation to Wales, in exercise of the powers conferred upon them by sections 72(3), 75(5) and 84 of, and paragraph 4 of Schedule 12 to, the Local Government, Planning and Land Act 1980(a) and of all other powers enabling them in that behalf, hereby make the following Regulations:

1.—(1) These Regulations may be cited as the Local Government (Prescribed Expenditure) (Amendment) Regulations 1987 and shall come into force on 1st April 1987.

(2) Regulations 1(2) and 4 of the Local Government (Prescribed Expenditure) (Amendment) Regulations 1985(b) are revoked.

2. The Local Government (Prescribed Expenditure) Regulations 1983(c) are hereby amended as follows–

(a) in regulation 2—

(i) the definition of "the Housing Acts" shall be deleted;

(ii) in the definition of "housing association" for "section 189(1) of the Housing Act 1957" there shall be substituted "section 5(1) of the Housing Act 1985"(d);

(iii) for the definition of "shared ownership tenancy" there shall be substituted the following definition–

"'"shared ownership lease" has the meaning ascribed to it by section 622 of the Housing Act 1985";

(b) in regulation 4 for "Part V of the Housing Act 1957" there shall be substituted "Part II of the Housing Act 1985";

(c) regulation 7 shall be deleted;

(d) for Schedule 1 there shall be substituted the Schedule to these Regulations;

(e) for paragraph 2 of Schedule 3 there shall be substituted the following paragraph–

"**2.**—(1) Expenditure on the acquisition of an interest in or right over any vehicle, vessel, plant, machinery or apparatus ("the asset") where—

(a) 1980 c.65.
(b) S.I. 1985/257.
(c) S.I. 1983/296, amended by S.I. 1984/223, 1985/257.
(d) 1985 c.68.

(a) the agreement which creates that right or interest or any arrangement entered into in connection with that agreement does not provide or do not together provide for—

(i) the property in the asset to transfer to the authority under the agreement or arrangement or any renewal or continuation of the agreement or arrangement; or

(ii) the renewal or continuation of the agreement or arrangement for a further period for a consideration which is materially less than what would be regarded, at the time when the agreement or arrangement is made, as the open market rental for that further period; or

(iii) the value of the asset at the date of the expiry or termination of the agreement or arrangement to accure directly or indirectly to the authority; and

(b) the amount estimated by the authority at the date of the agreement mentioned in paragraph (a) or, if earlier, the arrangement so mentioned, as the value of the asset at the expiration of that agreement or, if later, that arrangement equals or exceeds ten per cent of the value of the asset at the date of that agreement or arrangement.

(2) For the purpose of estimating the value first mentioned in sub-paragraph (1)(b), the date on which an agreement or arrangement expires shall, if the agreement or arrangement makes provision for the extension of its term, be taken to be the date on which the extended term would come to an end.".

SCHEDULE

Regulation 2

PRESCRIBED PROPORTIONS OF NET CAPITAL RECEIPTS

Column 1	*Column 2*	*Column 3*
1. Land held for the purposes of the Housing Act 1985 not being land comprising a dwelling-house.	30%	–
2. Land comprising a dwelling-house held for the purposes of Part II of the Housing Act 1985 and normally let or available for letting, not being land mentioned in paragraph 3.	20%	15%
3. Land comprising a dwelling-house held for the purposes of Part II of the Housing Act 1985 and normally let or available for letting which– (a) is disposed of on a shared ownership lease, or (b) requires significant repair or improvement, or both, and is disposed of on condition that the purchaser executes significant repair or improvement or both within a specified period.	30%	–
4. Land (including buildings and structures on land) held other than for the purposes of the Housing Act 1985.	30%	50%
5. A vehicle or vessel and any movable or immovable plant, machinery or apparatus.	30%	50%
6. A grant or advance, not being one made under the Housing Act 1985 or mentioned in paragraph 7.	30%	50%

SCHEDULE (continued)

PRESCRIBED PROPORTIONS OF NET CAPITAL RECEIPTS

Column 1	*Column 2*	*Column 3*
7. An advance made by virtue of regulations under sections 450A and 450B of the Housing Act 1985(a) to enable a person to meet a service charge.	20%	15%
8. An advance made to enable a person—		
(a) to acquire otherwise than from an authority an interest in a dwelling-house, or		
(b) to improve a dwelling-house.	20%	15%
9. A grant or advance made to a housing association.	1%	1%

Nicholas Ridley
4th March 1987 Secretary of State for the Environment

Nicholas Edwards
4th March 1987 Secretary of State for Wales

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 72(3) of the Local Government, Planning and Land Act 1980 limits the prescribed expenditure of a local authority, and other bodies to whom Part VIII of the Act applies, to the aggregate of various amounts including its net capital receipts. "Prescribed expenditure" is essentially expenditure of a capital nature.

Regulations may provide that only a proportion of net capital receipts of any specified class may be taken into account and that specified expenditure shall not be prescribed expenditure. Provision is currently made about these matters by the Local Government (Prescribed Expenditure) Regulations 1983. Schedule 1 to the Regulations set out a series of proportions for various classes of receipts, and Schedule 3 specifies expenditure which is not to be prescribed expenditure.

These Regulations amend the 1983 Regulations. They substitute a new Schedule 1 with one change of substance. A proportion of 20% is prescribed for authorities in England and 15% for authorities in Wales in the case of receipts arising from the repayment of advances made pursuant to any regulations that may be made under sections 450A and 540B of the Housing Act 1985 (advances to enable a person to pay a service charge). The Schedule is, however, reproduced in full with amendments to take account of the consolidation of housing legislation by the Housing Act 1985.

A substitute entry is made in Schedule 3 to the 1983 Regulations. Expenditure on acquiring interests in and rights over vehicles, vessels, plant, machinery and apparatus is not to be prescribed expenditure if the arrangements relating to the acquisition of the interest or right satisfy specified conditions and the estimated value of the asset at the end of the arrangement is not less than 10% of its value at the beginning of the arrangement.

Spent provisions are revoked and other references to housing legislation brought up to date.

(a) Sections 450A and 450B are inserted by section 5 of the Housing and Planning Act 1986 (c.63) which is not yet in force.