STATUTORY INSTRUMENTS

1990 No. 763

LOCAL GOVERNMENT, ENGLAND AND WALES

The Local Government (Promotion of Economic Development) Regulations 1990

Made - - - -	*27th March 1990*
Laid before Parliament	*29th March 1990*
Coming into force	*1st April 1990*

The Secretary of State for the Environment, as respects England, and the Secretary of State for Wales, as respects Wales, in exercise of the powers conferred upon them by sections 33(3)(f) and (4), 34(1), (2) and (5), 190 and 191(1) of the Local Government and Housing Act 1989(**a**), and of all other powers enabling them in that behalf, hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Local Government (Promotion of Economic Development) Regulations 1990 and shall come into force on 1st April 1990.

Interpretation

2.—(1) In these Regulations, except where the context otherwise requires–

"the Act" means the Local Government and Housing Act 1989;

"economic development powers" means the powers conferred by section 33(1) of the Act or any other enactment by virtue of which a relevant authority may promote the economic development of its area;

"financial assistance" means assistance of any of the descriptions specified in paragraphs (a) to (f) of section 33(3) of the Act;

"scheduled authority" means a district council in Wales and an authority specified in Schedule 1 to these Regulations.

(2) For the purposes of these Regulations, a relevant authority shall be regarded as providing financial assistance if, in the exercise of economic development powers, it agrees to provide or joins with any other person in agreeing to provide financial assistance.

Application

3.—(1) Subject to paragraph (2), these Regulations apply–

(a) where the economic development power in question is that conferred by section 33(1) of the Act, to its exercise on or after 1st April 1990;

(b) in any other case, where the power is exercised on or after 1st July 1990.

(2) Nothing in any other provision of these Regulations shall apply to preclude a relevant authority from providing financial assistance in fulfilment of an agreement entered into before 1st April 1990.

(**a**) 1989 c.42.

Provision of property, services and other financial benefits

4. The condition specified for the purposes of section 33(3)(f) of the Act is that the property, services or other financial benefit is provided for a consideration that is less than the best that can reasonably be obtained.

Excluded activities

5.—(1) Subject to paragraph (2), there are specified for the purposes of section 34(1) of the Act the steps listed in Schedule 2 to these Regulations.

(2) Nothing in paragraph (1) or Schedule 2 shall preclude an authority from–

(a) carrying out or participating in estate agency work–

(i) which consists solely of the publication of information about land; or

(ii) in connection with the acquisition or disposal of land that adjoins land which the authority proposes to acquire or dispose of;

(b) carrying out or participating in insurance broking in connection with policies relating to moveable property in any building or on any land of which the occupier is a tenant of the authority;

(c) publishing a newspaper where the sole or main purpose of such publication is the promotion of the economic development of the authority's area;

(d) doing anything which is–

(i) incidental to the provision by the authority of any training facility, the construction or maintenance of any building or the management of any land in which the authority has an interest; or

(ii) connected with the promotion of tourism or the provision of information to the public;

(e) doing anything on behalf of a Minister of the Crown or, in pursuance of the Local Authorities (Goods and Services) Act 1970(**a**), on behalf of any public body within the meaning of section 1 of that Act.

Excluded forms of financial assistance

6.—(1) Subject to paragraph (3), there are specified for the purposes of section 34(1) of the Act the steps mentioned in paragraph (2).

(2) The steps referred to in paragraph (1) are the provision of financial assistance of any of the descriptions specified in paragraphs (a) to (c) of section 33(3) of the Act to a person who conducts a business or undertaking with a view to profit where–

(a) the amount of the assistance is determinable solely by reference to the financial results of that business or undertaking over a period which at the date on which the authority considers the provision of the assistance is not wholly in the past; or

(b) it is intended that the assistance should be applied, either wholly or in part, in or towards the payment of the wages or salary of any employee of that person.

(3) Nothing in paragraph (1) or (2) shall preclude a relevant authority from providing financial assistance by way of grant which–

(a) is made for the purpose of enabling the recipient–

(i) to employ a person who, for the period of at least seven days immediately preceding the commencement of the employment, was unemployed;

(ii) to employ a person for the duration of any period in which he is undergoing training;

(iii) to employ not more than three persons who are qualified to provide some particular knowledge or skill required for the purposes of the business or undertaking; or

(b) is provided as part of a scheme to which contributions are made by a Minister of the Crown or the European Commission.

Restrictions on exercise of economic development powers

7.—(1) Subject to paragraphs (2) and (3), a relevant authority that is not a scheduled authority shall not, in the exercise of economic development powers, in any financial

(**a**) 1970 c.39.

year provide financial assistance of any of the descriptions specified in section 33(3)(a) to (e) of the Act or by accepting or purchasing any bill of exchange within the meaning of the Bills of Exchange Act 1882(**a**)–

(a) to any person whose undertaking or business is conducted with a view to profit; or

(b) to any voluntary organisation for the purposes of enabling that organisation to make a grant or loan or give a guarantee to a person whose business or undertaking is conducted with a view to profit,

where the total value or amount of that assistance in that year exceeds £10,000.

(2) Nothing in paragraph (1) shall preclude an authority from providing such assistance as is mentioned in regulation 6(3).

(3) Nothing in paragraph (1) shall preclude a county council from doing anything if any scheduled authority in the county could do it.

Consultation with other authorities

8.—(1) There are specified for the purposes of section 34(1) of the Act the steps mentioned in paragraphs (2) and (3).

(2) The step mentioned in this paragraph is the provision, after 1st April 1991, by a relevant authority which is not a local education authority within the meaning of the Education Act 1944(**b**), to a person who is not a member, officer or other employee of the authority, of training or education services other than those included within a programme of such services which the local education authority for the area in which the services are to be provided has approved.

(3) The steps mentioned in this paragraph are–

(a) the acquisition by a relevant authority of any land outside its area; or

(b) the provision of financial assistance for the acquistion or improvement by any other person of any such land, or the acquisition or improvement of plant or machinery in, on or under, any such land,

otherwise than after consultation with such authority for the area in which the land in question is situated as is mentioned in the Table below.

TABLE

Area in which land is situated	*Authority exercising powers*	*Authority to be consulted*
A London borough	Any relevant authority	The council of the London borough
A metropolitan district	Any relevant authority	The council of the metropolitan district
A non-metropolitan county	Any county council	The county council
	Any non-metropolitan district council	The district council
	Any London borough council or council of a metropolitan district	The county council and the council of the non-metropolitan district

Loans

9.—(1) Where a relevant authority in the exercise of economic development powers provides financial assistance in the form of a loan and the rate of interest in respect of that loan is more favourable than that reasonably obtainable on the open market, the accounts of that authority for each financial year in which an amount of principal is outstanding as respects any such loan, shall include a separate account of–

(a) the amount of any such loan;

(b) the difference between the amount of interest payable in that year in respect of that loan and the amount which would have been payable in that year if interest on that loan had been payable at the rate prevailing in the market for a loan of that nature.

(**a**) 1882 c.61.

(**b**) 1944 c.31.

(2) A copy of a statement of the account required to be kept in accordance with paragraph (1) shall be deposited with the proper officer of the authority at the time that a statement of the authority's accounts is published in accordance with regulations under section 23 of the Local Government Finance Act 1982(**a**).

Chris Patten
27th March 1990 — Secretary of State for the Environment

Peter Walker
27th March 1990 — Secretary of State for Wales

SCHEDULE 1

Regulation 2(1)

SCHEDULED AUTHORITIES

In the county of Avon
Bristol City Council
Woodspring District Council

In the county of Cambridgeshire
East Cambridgeshire District Council
Fenland District Council
Huntingdonshire District Council

In the county of Cheshire
Chester City Council
Congleton Borough Council
Crewe and Nantwich Borough Council
Ellesmere Port and Neston Borough Council
Halton Borough Council
Macclesfield Borough Council
Vale Royal Borough Council
Warrington Borough Council

In the county of Cleveland
Hartlepool Borough Council
Langbaurgh-on-Tees Borough Council
Middlesbrough Borough Council
Stockton-on-Tees Borough Council

In the county of Cornwall
Caradon District Council
Carrick District Council
Kerrier District Council
North Cornwall District Council
Penwith District Council
Restormel District Council

In the county of Cumbria
Allerdale District Council
Barrow-in-Furness Borough Council

(**a**) 1982 c.32.

Carlisle City Council
Copeland Borough Council
Eden District Council
South Lakeland District Council

In the county of Derbyshire
Amber Valley Borough Council
Bolsover District Council
Chesterfield Borough Council
Derby City Council
Derbyshire Dales District Council
Erewash Borough Council
High Peak Borough Council
North East Derbyshire District Council
South Derbyshire District Council

In the county of Devon
East Devon District Council
Exeter City Council
Mid-Devon District Council
North Devon District Council
Plymouth City Council
South Hams District Council
Teignbridge District Council
Torbay Borough Council
Torridge District Council
West Devon Borough Council

In the county of Dorset
West Dorset District Council

In the county of Durham
Chester-le-Street District Council
Darlington Borough Council
Derwentside District Council
Durham City Council
Easington District Council
Sedgefield District Council
Teesdale District Council
Wear Valley District Council

In the county of East Sussex
Rother District Council

In the county of Essex
Tendring District Council

In the county of Gloucestershire
Forest of Dean District Council

In Greater London
The council of the–
London Borough of Brent
London Borough of Ealing
London Borough of Greenwich
London Borough of Hackney
London Borough of Hammersmith and Fulham
London Borough of Haringey
London Borough of Islington
Royal Borough of Kensington and Chelsea
London Borough of Lambeth
London Borough of Lewisham

London Borough of Newham
London Borough of Southwark
London Borough of Tower Hamlets
London Borough of Wandsworth

In the county of Greater Manchester
Bolton Borough Council
Bury Borough Council
Manchester City Council
Oldham Borough Council
Rochdale Borough Council
Salford City Council
Stockport Borough Council
Tameside Borough Council
Trafford Borough Council
Wigan Borough Council

In the county of Hereford and Worcester
Bromsgrove District Council
Hereford City Council
Leominster District Council
Malvern Hills District Council
Redditch Borough Council
South Herefordshire District Council
Worcester City Council
Wychavon District Council
Wyre Forest District Council

In the county of Humberside
Boothferry Borough Council
Cleethorpes Borough Council
East Yorkshire Borough of Beverley Borough Council
East Yorkshire Borough Council
Glanford Borough Council
Great Grimsby Borough Council
Holderness Borough Council
Kingston upon Hull City Council
Scunthorpe Borough Council

In the county of Isle of Wight
Medina Borough Council
South Wight Borough Council

In the Isles of Scilly
The Council of the Isles of Scilly

In the county of Kent
Ashford Borough Council
Shepway District Council
Thanet District Council

In the county of Lancashire
Blackburn Borough Council
Blackpool Borough Council
Burnley Borough Council
Chorley Borough Council
Fylde Borough Council
Hyndburn Borough Council
Lancaster City Council
Pendle Borough Council
Preston Borough Council

Ribble Valley Borough Council
Rossendale Borough Council
South Ribble Borough Council
West Lancashire District Council
Wyre Borough Council

In the county of Leicestershire
Blaby District Council
Harborough District Council
Hinckley and Bosworth Borough Council
Leicester City Council
North West Leicestershire District Council
Rutland District Council

In the county of Lincolnshire
Boston Borough Council
East Lindsey District Council
Lincoln City Council
North Kesteven District Council
South Holland District Council
South Kesteven District Council
West Lindsey District Council

In the county of Merseyside
Knowsley Borough Council
Liverpool City Council
St. Helens Borough Council
Sefton Borough Council
Wirral Borough Council

In the county of Norfolk
Breckland District Council
Broadland District Council
Great Yarmouth Borough Council
King's Lynn and West Norfolk Borough Council
North Norfolk District Council

In the county of Northamptonshire
Corby District Council
East Northamptonshire District Council

In the county of Northumberland
Alnwick District Council
Berwick-upon-Tweed Borough Council
Blyth Valley Borough Council
Castle Morpeth Borough Council
Tynedale District Council
Wansbeck District Council

In the county of North Yorkshire
Craven District Council
Hambleton District Council
Harrogate Borough Council
York City Council
Richmondshire District Council
Ryedale District Council
Scarborough Borough Council
Selby District Council

In the county of Nottinghamshire
Ashfield District Council
Bassetlaw District Council

Broxtowe Borough Council
Gedling Borough Council
Mansfield District Council
Newark and Sherwood District Council
Nottingham City Council
Rushcliffe Borough Council

In the county of Shropshire
Bridgnorth District Council
North Shropshire District Council
Oswestry Borough Council
Shrewsbury and Atcham Borough Council
South Shropshire District Council
The Wrekin District Council

In the county of Somerset
Sedgemoor District Council
South Somerset District Council
Taunton Deane Borough Council
West Somerset District Council

In the county of South Yorkshire
Barnsley Borough Council
Doncaster Borough Council
Rotherham Borough Council
Sheffield City Council

In the county of Staffordshire
Cannock Chase District Council
East Staffordshire District Council
Lichfield District Council
Newcastle-under-Lyme District Council
South Staffordshire District Council
Stafford Borough Council
Staffordshire Moorlands District Council
Stoke-on-Trent City Council
Tamworth Borough Council

In the county of Suffolk
Mid-Suffolk District Council
Suffolk Coastal District Council
Waveney District Council

In the county of Tyne and Wear
Gateshead Metropolitan Borough Council
Newcastle upon Tyne City Council
North Tyneside Borough Council
South Tyneside Borough Council
Sunderland Borough Council

In the county of Warwickshire
North Warwickshire Borough Council
Nuneaton and Bedworth Borough Council
Rugby Borough Council
Stratford-on-Avon District Council
Warwick District Council

In the county of West Midlands
Birmingham City Council
Coventry City Council
Dudley Borough Council
Sandwell Borough Council

Solihull Borough Council
Walsall Borough Council
Wolverhampton Borough Council

In the county of West Yorkshire
Bradford City Council
Calderdale Borough Council
Kirklees Borough Council
Leeds City Council
Wakefield City Council

SCHEDULE 2

Regulation 5(1)

EXCLUDED ACTIVITIES

For the purposes of regulation 5(1) of these Regulations, the steps are–

(a) the carrying out of, or participation in–
  (i) deposit-taking business within the meaning of the Banking Act 1987(**a**);
  (ii) investment business within the meaning of the Financial Services Act 1986 (**b**);
  (iii) insurance business that is long term business or general business within the meaning of the Insurance Companies Act 1982(**c**) ;
  (iv) insurance broking in relation to any matter in respect of which no relevant authority has an insurable interest;
  (v) estate agency work within the meaning of the Estate Agents Act 1979(**d**);

(b) the audit of, or report on, a company's accounts pursuant to sections 236 and 237 of the Companies Act 1985(**e**);

(c) the preparation for reward of any document which effects or is instrumental in effecting the transfer of land in respect of which no relevant authority has an interest;

(d) the giving for reward of any opinion in writing as to the value of any land in which no relevant authority has an interest;

(e) the acquisition of an interest in any undertaking which publishes any matter by television, radio transmission or by means of any newspaper as defined in section 1 of the Newspaper Libel and Registration Act 1881 (**f**) ; and the publication of any newspaper as so defined;

(f) the purchase of goods for resale or hiring;

(g) the sale or hiring out of goods as the agent of another person;

(h) the acquisition of services for supply to others;

(i) the supply of services as the agent of another person;

(j) the purchase of goods or the employment of persons for the purpose of the manufacture of goods.

(**a**) 1987 c.22. (**b**) 1986 c.60. (**c**) 1982 c.50.
(**d**) 1979 c.38. (**e**) 1985 c.6. (**f**) 1881 c.60.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations impose restrictions on the exercise by relevant authorities in England and Wales (London borough councils, county councils, district councils, the Common Council of the City of London and the Council of the Isles of Scilly) of powers to promote the economic development of their areas.

The Regulations have effect on and after 1st April 1990 where the power is that conferred by section 33(1) of the Local Government and Housing Act 1989. In other cases they have effect from 1st July 1990 except in relation to assistance provided pursuant to arrangements concluded before 1st April 1990 (regulation 3).

Regulation 4 provides that a relevant authority is to be treated as providing financial assistance under section 33(3)(f) of the 1989 Act if it provides or agrees to provide a person with property, services or other financial benefit for consideration less than the best reasonably obtainable.

Regulation 5 and Schedule 2 specify activities which may not be carried out by a relevant authority in the exercise of its economic development powers.

Regulations 6 and 7 prohibit the provision, in the exercise of economic development powers, of certain kinds of assistance. The prohibitions contained in regulation 7 do not apply to the authorities listed in Schedule 1, district and county councils in Wales and, to a limited extent, county councils in England.

Regulation 8 imposes on a relevant authority which proposes to provide training or education services as part of a programme, a requirement that the local education authority shall have approved that programme. In relation to assistance of certain kinds the regulation imposes a requirement to consult other authorities.

Regulation 9 requires a relevant authority which makes a loan at a rate of interest that is less than the market rate to keep a separate account showing the difference between the market rate and the rate actually charged.

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