STATUTORY INSTRUMENTS

1974 No. 618

HOUSING, ENGLAND AND WALES

The Slum Clearance Subsidy Regulations 1974

Made - - -	29*th March* 1974
Laid before Parliament	29*th March* 1974
Coming into Operation	31*st March* 1974

ARRANGEMENT OF REGULATIONS

Regulation No.

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The Secretary of State for the Environment and the Secretary of State for Wales, with the concurrence of the Treasury, in exercise of their powers under subsections (3), (4), (5), (6), (8) and (10) of section 11 of the Housing Finance Act 1972(**a**) and all other powers enabling them in that behalf, hereby make the following regulations:—

Citation and commencement

1. These regulations may be cited as the Slum Clearance Subsidy Regulations 1974 and shall come into operation on 31st March 1974.

Interpretation

2.—(1) The Interpretation Act 1889(**b**) shall apply for the interpretation of these regulations as it applies for the interpretation of an Act of Parliament.

(a) 1972 c. 47.

(b) 1889 c. 63.

(2) In these regulations, unless the context otherwise requires—

"the 1957 Act" means the Housing Act 1957(**a**);

"the 1972 Act" means the Housing Finance Act 1972;

"equivalent annual amount" means an equivalent annual amount ascertained in accordance with the provisions of regulation 11;

"expenditure" means any expenditure incurred, or deemed by regulation 6 or 9(1) to be incurred, by the local authority in or in connection with the exercise of their slum clearance functions;

"loans fund" means a consolidated loans fund, a loans fund, or a loans pool;

"receipt" means any receipt due, or deemed by regulation 7 or 9(2) to be due, to the local authority in or in connection with the exercise of their slum clearance functions; and

"slum clearance land" means land for the time being held by the local authority for the purposes of their slum clearance functions.

(3) For the purposes of these regulations, any interest on compensation or purchase-money paid by the local authority in connection with the acquisition of land for the purposes of their slum clearance functions shall be treated as part of such compensation or purchase-money, as the case may be.

(4) In these regulations, any reference to a numbered regulation shall be construed as a reference to the regulation bearing that number in these regulations.

(5) In these regulations, unless the context otherwise requires, any reference to an enactment shall be construed as a reference to that enactment as amended, extended or applied by or under any other enactment.

The slum clearance loss

3.—(1) Subject to the following provisions of these regulations, a local authority incur a loss for any year (beginning with the year 1971-72) in or in connection with the exercise of their slum clearance functions if their aggregate expenditure for that year exceeds their aggregate receipts for that year, and the amount of any such loss shall be equal to the excess.

(2) For the purposes of paragraph (1) of this regulation—

(*a*) a local authority's aggregate expenditure for any year shall be the aggregate of:

(i) their revenue expenditure for that year, including any capital expenditure treated under regulation 10 as revenue expenditure for that year; and

(ii) the equivalent annual amounts for that year in respect of their capital expenditure;

and

(*b*) the local authority's aggregate receipts for any year shall be the aggregate of:

(i) their revenue receipts for that year; and

(ii) the equivalent annual amounts for that year in respect of their capital receipts.

(**a**) 1957 c. 56.

Items not to be taken into account unless approved by the Secretary of State

4.—(1) No account shall be taken under any of the provisions of these regulations of—

(*a*) any expenditure or receipts in connection with land adjoining a clearance area, which is acquired by agreement or pursuant to a blight notice, or which is appropriated to slum clearance functions, or

(*b*) any expenditure under section 290 of the Local Government Act 1933(**a**) or section 250 of the Local Government Act 1972(**b**) (both of which sections relate to the power to direct inquiries) in respect of the costs of any person other than the Secretary of State,

unless, and except so far as, the expenditure is approved by the Secretary of State.

(2) In this regulation, "blight notice" means a notice served by virtue of section 70 or 73(1) of the Land Compensation Act 1973(**c**).

Items not to be taken into account

5. No account shall be taken under any of the provisions of these regulations of—

(*a*) any expenditure or receipts under section 18 or sections 30 to 32 of the 1957 Act so far as those provisions relate to section 9, section 10 or section 12 of that Act (unfit premises); or

(*b*) any expenditure under section 67 of the 1957 Act (costs of opposing orders) in respect of the expenses of any person other than the Secretary of State; or

(*c*) any expenditure or receipts in connection with land acquired by the local authority before 1st April 1965; or

(*d*) subject to regulation 13, any expenditure or receipts incurred or due before 1st April 1971; or

(*e*) any expenditure in respect of the appropriation to slum clearance functions, or any receipts in respect of the disposal or appropriation from slum clearance functions, of land appropriated to slum clearance functions by the local authority at any time, if the authority acquired that land in the period of six years beginning on 1st April 1965 and ending on 31st March 1971; or

(*f*) any expenditure or receipts in connection with land at any time held by the local authority for the purposes of their slum clearance functions, which is appropriated for the purposes of Part V of the 1957 Act (provision of housing accommodation), if the authority have received or are entitled to receive any subsidy under sections 1 to 10 of the Housing Subsidies Act 1967(**d**) (financial assistance towards the provision of new dwellings) in connection with new dwellings provided by them on that land after the date of that appropriation; or

(*g*) any expenditure or receipts in connection with land which is or was the site of a house, other than any expenditure or receipts in connection with the clearance of that land, if the local authority have received or are entitled to receive any exchequer contribution in respect of that house under section 13 of the Housing (Financial Provisions) Act 1958(**e**) or paragraph 6 of Schedule 8 to the 1972 Act (both of which

(**a**) 1933 c. 51.
(**b**) 1972 c. 70.
(**c**) 1973 c. 26.
(**d**) 1967 c. 29.
(**e**) 1958 c. 42.

provisions relate to exchequer contributions for unfit houses retained by local authorities); or

(*h*) subject to regulation 9, any money paid or received by the local authority for equality of exchange in relation to the exchange of any land; or

(*i*) subject to regulation 11, any loan charges incurred by or due to the local authority in connection with any capital expenditure or receipts.

Land appropriated to slum clearance functions

6.—(1) Subject to regulations 4 and 5, where land is appropriated to slum clearance functions, the local authority shall be deemed to have incurred at the date of the appropriation capital expenditure of an amount equal to the relevant amount ascertained in accordance with paragraph (2) of this regulation.

(2) For the purposes of paragraph (1) of this regulation, the relevant amount shall be the amount certified by the District Valuer as the price which the local authority might properly have agreed to pay for the land if they had acquired that land at the date of the appropriation from another local authority as land comprised in or, as the case may be, surrounded by or adjoining the clearance area.

Slum clearance land appropriated to other functions

7.—(1) Subject to regulations 4, 5 and 8, where slum clearance land is appropriated to some other function, the local authority shall be deemed to be entitled to receive at the date of the appropriation a capital receipt of an amount equal to the relevant amount ascertained in accordance with paragraph (2) of this regulation.

(2) For the purposes of paragraph (1) of this regulation the relevant amount shall be—

(*a*) in the case of slum clearance land appropriated for the purposes of Part V of the 1957 Act (provision of housing accommodation), the amount certified by the District Valuer as the market value at the date of the appropriation of that land for the purpose for which it is to be used after that date;

(*b*) in the case of slum clearance land for which the local authority have received, or receive, after the date of the appropriation, any grant under section 7 of the Local Government Act 1966(**a**), section 250 of the Town and Country Planning Act 1971(**b**) (both of which sections relate to grants for development or redevelopment), or section 235 of the Highways Act 1959(**c**) (grants in respect of the construction or improvement of highways etc.), an amount equal to the expenditure originally incurred by the authority in connection with the acquisition of that land, together with the expenditure, if any, incurred before the date of the appropriation by the authority in connection with the clearance of that land; and

(*c*) in any other case, the amount certified by the District Valuer as the price which the local authority might properly have agreed to accept for the land if they had sold that land to another local authority at the date of the appropriation.

(**a**) 1966 c. 42. (**b**) 1971 c. 78. (**c**) 1959 c. 25.

(3) For the purposes of this regulation and regulation 8, the local authority shall be treated as having appropriated any land at the date of their resolution to appropriate that land or at the date they first use that land for the purposes of the function to which that land is to be appropriated, whichever is the earlier.

Slum clearance land appropriated for the provision of open space, school playing fields, or allotment gardens

8.—(1) Where in any year any slum clearance land is appropriated for the purposes of providing open space, school playing fields, or allotment gardens, regulation 7 shall not apply to that land, unless—

(*a*) the aggregate of the relevant amounts (ascertained in accordance with regulation 7(2)(*c*)) in respect of all slum clearance land appropriated by the local authority for any of those purposes in that year exceeds one-third of the aggregate of the authority's capital receipts in respect of all other slum clearance land disposed of, and appropriated, by the authority in that year, and

(*b*) the Secretary of State does not approve such excess; but

where regulation 7 does apply to that land it shall apply subject to paragraph (2) of this regulation.

(2) The aggregate amount of the capital receipts deemed by regulation 7 to be due to the local authority in any year in respect of all slum clearance land appropriated by them for the purposes of providing open space, school playing fields, or allotment gardens shall be an amount equal to the excess for that year under paragraph (1)(*a*) of this regulation.

(3) In this regulation, the expression "open space" has the meaning ascribed to it by section 290(1) of the Town and Country Planning Act 1971, and the expression "allotment gardens" has the meaning ascribed to it by section 22(1) of the Allotments Act 1922(**a**).

Exchanges of land

9.—(1) Subject to regulations 4 and 5, where land is acquired by a local authority for the purposes of their slum clearance functions in exchange for other land, the authority shall be deemed to have incurred at the date of the contract for the exchange capital expenditure of an amount equal to the amount certified by the District Valuer as the price which the local authority might properly have agreed to pay for the land acquired, if they had acquired it, otherwise than by way of exchange, at the date of the said contract.

(2) Subject to regulations 4 and 5, where slum clearance land is exchanged for other land, the local authority shall be deemed to be entitled to receive at the date of the contract for the exchange a capital receipt of an amount equal to the amount certified by the District Valuer as the price which the local authority might properly have agreed to accept for the slum clearance land, if they had disposed of it, otherwise than by way of exchange, at the date of the said contract.

Capital expenditure treated as revenue expenditure

10.—(1) Subject to paragraph (2) of this regulation and regulations 4, 5 and 11(5), where in any year a local authority charge capital expenditure to

(**a**) 1922 c. 51.

revenue, that expenditure shall be treated, for the purposes of these regulations, as revenue expenditure for that year.

(2) The aggregate amount of capital expenditure treated as revenue expenditure for any year under paragraph (1) of this regulation shall not exceed £10 for each household displaced by the local authority in that year in consequence of the exercise of their slum clearance functions.

(3) In this regulation, "household" means either one person living alone or a group of persons, whether or not related, living at the same address with common housekeeping.

Capital items

11.—(1) Subject to regulation 10, any item of a capital nature shall be converted into equivalent annual amounts in accordance with paragraph (2) of this regulation.

(2) The equivalent annual amount for any year in respect of an item of a capital nature shall be—

(*a*) if the local authority operate a loans fund, an amount equal to the loan charges for that year which would be made, in accordance with the authority's normal financing and accounting practice, in the case of an advance from the authority's loans fund of an amount equal, subject to paragraphs (5) and (6) of this regulation, to the amount of that item repayable over a period of 60 years from the relevant date for that item; or

(*b*) if the local authority do not operate a loans fund, an amount equal to the loan charges which would be payable for that year under a loan of an amount equal, subject to paragraphs (5) and (6) of this regulation, to the amount of that item repayable together with interest at the appropriate rate for that item over a period of 60 years from the relevant date for that item by equal annual instalments of principal and interest combined.

(3) Subject to regulation 13, all equivalent annual amounts in respect of an item of a capital nature shall be left out of account from the end of the fifteenth year after the relevant date for that item.

(4) (*a*) For the purposes of paragraphs (2) and (3) of this regulation, the relevant date for an item specified in column 1 of the following Table shall be 1st April in the year in which the corresponding event for that item specified in column 2 of the Table occurs.

(*b*) For the purposes of paragraph (2)(*b*) of this regulation, the appropriate rate of interest for an item specified in column 1 of the following Table shall be the percentage rate of interest expressed by the formula:

$$\frac{X}{Y} \times 100, \text{ where—}$$

X is the aggregate amount of the relevant amounts of interest in respect of all loans obtained by the local authority in connection with the exercise of their slum clearance functions in the year in which the corresponding event for that item specified in column 2 of the Table occurs, and for the purposes of this formula "the relevant amount of interest" in respect of any such loan is the total interest payable by that authority for the first complete year of

that loan, beginning on the date on which that loan was obtained; and

Y is the aggregate amount of the said loans.

TABLE

1. Item	2. Event
(*a*) Expenditure deemed by regulation 6 to be incurred in respect of the appropriation of land to slum clearance functions.	(*a*) Resolution to appropriate the land to slum clearance functions.
(*b*) Expenditure deemed by regulation 9(1) to be incurred in respect of the exchange of land.	(*b*) Completion of the exchange.
(*c*) Receipt deemed by regulation 7 to be due in respect of the appropriation of slum clearance land to some other function.	(*c*) Resolution to appropriate the slum clearance land to that other function or first use of that land for purposes of that function, whichever is the earlier.
(*d*) Receipt deemed by regulation 9(2) to be due in respect of the exchange of slum clearance land.	(*d*) Completion of the exchange.
(*e*) Expenditure other than expenditure within (*a*) or (*b*) above.	(*e*) Expenditure is paid.
(*f*) Receipt other than a receipt within (*c*) or (*d*) above.	(*f*) Receipt is received.

(5) Where—

(*a*) any expenditure is incurred in respect of the acquisition of land, or

(*b*) any payment is made under section 30 or 60 of the 1957 Act as amended and extended by sections 65, 66 and 67 of the Housing Act 1969(**a**) (well-maintained houses), or

(*c*) any payment is made under section 31 or 61 of the 1957 Act or section 68 of the Housing Act 1969 (owner-occupier supplements), or

(*d*) any payment is made under section 37 of the Land Compensation Act 1973 (disturbance payments to persons without compensatable interests),

the amount to be taken into account in accordance with the provisions of these regulations shall not in any case exceed the amount certified by the District Valuer as properly so incurred or paid.

(6) Where a receipt arises from the disposal of slum clearance land, the amount to be taken into account in accordance with the provisions of these regulations shall not in any case be less than the amount certified by the District Valuer as properly receivable in respect of that land.

Apportionment

12.—(1) Where a local authority incur any expenditure, or are entitled to any receipt, partly in the exercise of their slum clearance functions and partly in the exercise of some other function, only such part of the expenditure or,

(**a**) 1969 c. 33.

as the case may be, such part of the receipt, as may fairly be regarded as attributable to the exercise by the authority of their slum clearance functions, shall be taken into account in accordance with the provisions of these regulations.

(2) Subject to regulation 11(5), where slum clearance land is acquired together with other land, the expenditure incurred by the local authority in connection with such acquisition shall be apportioned by reference to the respective values, certified by the District Valuer, of the slum clearance land and the other land at the date of the acquisition, and the apportioned amount relating to the slum clearance land shall be taken into account in accordance with the provisions of these regulations.

(3) Subject to regulation 11(6), where slum clearance land is disposed of together with other land, the receipt due to the local authority in connection with such disposal shall be apportioned by reference to the respective values, certified by the District Valuer, of the slum clearance land and the other land at the date of the disposal, and the apportioned amount relating to the slum clearance land shall be taken into account in accordance with the provisions of these regulations.

Land acquired in the six year period ending on 31st March 1971

13. Where in the period of six years beginning on 1st April 1965 and ending on 31st March 1971 a local authority have acquired any land for the purposes of their slum clearance functions, and continue to hold that land for those purposes until the end of that period, the appropriate equivalent annual amounts (for the fifteen years beginning with the year 1971-72) in respect of capital expenditure incurred or capital receipts becoming due, in that period in connection with that land shall be taken into account in accordance with the provisions of these regulations; but, all equivalent annual amounts in respect of any such expenditure or receipts shall be left out of account from the beginning of the year 1986-87.

Anthony Crosland,
Secretary of State for the Environment.

29th March 1974.

John Morris,
Secretary of State for Wales.

29th March 1974.

We concur.

John Golding,

T. Pendry,

Two of the Lords Commissioners of Her Majesty's Treasury.

29th March 1974.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

Section 11 of the Housing Finance Act 1972 provides for the payment of slum clearance subsidy to a local authority for any year (beginning with the year 1971-72) in which the local authority incur a loss in or in connection with the exercise of their slum clearance functions. The amount of slum clearance subsidy payable to a local authority for the year is to be 75 per cent. of the loss.

These Regulations prescribe the method of determining whether a local authority have incurred a loss in carrying out their sum clearance functions and of determining the amount of any such loss.

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