STATUTORY INSTRUMENTS

1986 No. 439

LOCAL GOVERNMENT, ENGLAND AND WALES

The Local Government Reorganisation (Repayment of Loans) (Greater London) Order 1986

Made - - -	*7th March* 1986
Laid before Parliament	11*th March* 1986
Coming into Operation	1*st April* 1986

The Secretary of State for the Environment, in exercise of the powers conferred upon him by section 58(2) of the Local Government Act 1985(**a**) and of all other powers enabling him in that behalf, hereby makes the following order:

Citation and Commencement

1. This order may be cited as the Local Government Reorganisation (Repayment of Loans) (Greater London) Order 1986 and shall come into operation on 1st April 1986.

Interpretation

2. In this order, unless the context otherwise requires —

"the abolished council" means the Greater London Council;

"the Act" means the Local Government Act 1985;

"deemed borrowing" means the amount, which, in accordance with article 3 of this order, a relevant authority shall be deemed to have borrowed from the London Residuary Body;

"early repayment" means a repayment under article 7(1) of this order;

"relevant authority" means the council of a London borough, the Common Council, the Inner London Education Authority and the London Fire and Civil Defence Authority; and

"repayment period" means the period determined in accordance with article 4(1) of this order.

Amount of deemed borrowing

3.—(1) The amount which each relevant authority shall be deemed to have borrowed from the London Residuary Body on 1st April 1986 shall be determined in accordance with this article.

(2) The deemed borowing of the Inner London Education Authority and the London Fire and Civil Defence Authority shall be the amount which is

(**a**) 1985 c.51.

ascertained by applying the formula specified in Schedule 1 to this order: but if the value of A in that formula is nil, the deemed borrowing of the Authority in question shall be nil.

(3) The deemed borrowing of every other relevant authority shall be an amount which shall be calculated as follows:

(*a*) there shall be deducted from the total amount of the liability at 1st April 1986 of the London Residuary Body under section 58(1) of the Act the amount which is shown in the accounts of the abolished council as liabilities outstanding immediately before 1st April 1986 attributable to temporary borrowing for revenue purposes under paragraph 10(1)(*a*) of Schedule 13 to the Local Government Act 1972(**a**);

(*b*) there shall be deducted from the amount ascertained in accordance with sub-paragraph (*a*) the aggregate of the following —

(i) the sum of the amounts ascertained in accordance with paragraph (2);

(ii) the amount due to the consolidated loans fund of the abolished council by way of repayment of principal in connection with the provisions specified in relation to each of the orders listed in Schedule 2 which, if that council had not been abolished, would have fallen to be made after 31st March 1986;

(iii) an amount equal to the liability of the Thames Water Authority to the abolished council relating to the repayment of principal under article 35 of the Local Authorities (England) (Property etc.) Order 1973(**b**) which remains undischarged immediately before 1st April 1986;

(iv) an amount equal to the liability of Surrey County Council to the abolished council relating to the repayment of principal under article 30 of the London Authorities (Property etc.) Order 1964(**c**) which remains undischarged immediately before 1st April 1986; and

(v) an amount equal to that part of the sums which the abolished council has advanced by way of loan which remains unpaid immediately before 1st April 1986;

(*c*) the amount remaining after the deduction referred to in sub-paragraph (*b*) shall be apportioned among the relevant authorities, other than those specified in paragraph (2), in proportion to the populations of their respective areas.

(4) For the purposes of paragraph (3), the population of the area of a relevant authority shall be taken to be the number estimated by the Registrar General and certified by him to the Secretary of State by reference to 30th June 1984.

Repayment of principal

4.—(1) Each relevant authority shall discharge its liability to the London Residuary Body in respect of its deemed borrowing by making repayments of principal over a repayment period calculated as follows:

(**a**) 1972 c.70.
(**b**) S.I. 1973/1861; relevant amendments were made by S.I 1974/406.
(**c**) S.I. 1964/1464.

(*a*) from the total amount of principal outstanding immediately before 1st April 1985 and which, but for the Act, would have become due on or after that date to the consolidated loans fund of the abolished council, as shown in that council's accounts for the financial year ended 31st March 1985, there shall be deducted the part of that amount which is attributable to the matters specified in paragraph (3)(*b*) (ii), (iii), (iv) and (v) of article 3;

(*b*) the amount remaining after the deduction referred to in sub-paragraph (*a*) shall be multiplied by three;

(*c*) from the total amount of principal outstanding immediately before 1st April 1986 and which, but for the Act, would have become due on or after that date to the fund referred to in sub-paragraph (*a*) there shall be deducted the part of that amount which is attributable to the matters referred to in that sub-paragraph (*a*);

(*d*) the sum of the amounts ascertained in accordance with sub-paragraphs (*b*) and(*c*) shall be divided by four;

(*e*) the amount ascertained in accordance with sub-paragraph (*d*) shall be divided by the amount of the repayments of principal which were payable to the consolidated loans fund of the abolished council during the financial year ended 31st March 1986, other than repayments of principal which were attributable to the matters referred to in sub-paragraph (*a*);

(*f*) the amount ascertained in accordance with sub-paragraph (*e*) shall be rounded up to the next whole number which shall be the number of years, commencing with the financial year beginning 1st April 1986, over which repayments of principal are to be made under this paragraph: but if that number is greater than 40, the number of years shall be deemed to be 40.

(2) Subject to article 7 (early repayment), the amount of principal which is to be paid by a relevant authority in each financial year of the repayment period shall be calculated by dividing the amount of that authority's deemed borrowing by the repayment period.

Payment of interest

5.—(1) In each financial year commencing with the financial year beginning 1st April 1986 a relevant authority shall pay interest on its deemed borrowing at a rate which shall be determined annually by dividing the interest payable by the London Residuary Body during the financial year in connection with the liabilities vested in it under section 58(1) of the Act, other than liabilities attributable to temporary borrowing for revenue purposes, by the sum of—

(*a*) the total of the relevant authorities' current deemed borrowing;

(*b*) the residue of the amounts referred to in paragraph (3)(*b*)(ii), (iii) and (iv) of article 3; and

(*c*) the residue of the amount referred to in paragraph (3)(*b*)(v) of article 3;

and the figure so determined shall be the rate for that year.

(2) For the purposes of this article —

(*a*) a relevant authority's current deemed borrowing shall be ascertained by adding together the amounts of its unpaid deemed borrowing on the first day of each month of the financial year and dividing the aggregate by 12;

(*b*) the residue referred to in paragraph (1)(*b*) is 1/12th of the sum of those parts of the amounts referred to in paragraph (3)(*b*)(ii), (iii), and (iv) of article 3 which were unpaid on the first day of each month of the financial year; and

(*c*) the residue referred to in paragraph (1)(*c*) is 1/12th of the sum of those parts of the amount referred to in paragraph (3)(*b*)(v) of article 3 which were unpaid on the 15th day of each month of the financial year.

Administrative arrangements

6.—(1) On or before 31st January in each year the London Residuary Body shall notify each relevant authority of its estimate of the interest rate which is to apply in the next financial year and of its revised estimate of the interest rate in respect of the current financial year: provided that, in respect of the financial year beginning 1st April 1986, the London Residuary Body shall notify each relevant authority on or before 31st July 1986 of its estimate of the interest rate which is to apply in that year.

(2) On 30th September in each year each relevant authority shall pay to the London Residuary Body an amount of interest which shall be calculated by multiplying by 1/12th of the estimated interest rate the sum of the amounts of its deemed borrowing which were unpaid on the first day of each of the first six months of that financial year.

(3) On 31st March in each year each relevant authority shall pay to the London Residuary Body an amount which is equal to the principal repayment for that financial year and an amount of interest which shall be calculated by multiplying by 1/12th of the revised estimated interest rate the sum of the amounts of its deemed borrowing which were unpaid on the first day of each of the last six months of that financial year.

(4) On 31st March in each year each relevant authority shall pay to the London Residuary Body, in addition to the payment required under paragraph (3), or shall receive from that Body, as the case may be, the amount of any difference between the amount paid by the authority to that Body on 30th September under paragraph (2) and the amount which would have been payable if the revised estimated interest rate had applied.

(5) On or before 31st July in each year commencing with the financial year beginning 1st April 1987 the London Residuary Body shall notify each relevant authority of the actual interest rate for the preceding financial year. Any difference between the amounts received by the London Residuary Body during the preceding financial year and the amounts which that Body would have received if the actual interest rate had then applied shall be paid by the relevant authority to that Body or, as the case may be, by that Body to the relevant authority on 30th September.

Early repayment

7.—(1) A relevant authority may repay the whole or any part of the principal sum outstanding in respect of its deemed borrowing at any time during the repayment period after giving to the London Residuary Body at least 60 days' notice in writing of its intention to do so.

(2) Where a relevant authority makes an early repayment, the amount of principal which it is to repay in each financial year commencing with the year after that in which the early repayment is made shall be re-calculated by dividing the amount of its deemed borrowing outstanding at the end of the day on which the early repayment was made by a figure which represents the whole number of years and any fraction of a year after that day until the end of the repayment period.

(3) In the remainder of the financial year after the day on which an early repayment is made, the amount of principal repayable by the authority which has made the early repayment shall be the difference between the amount of its deemed borrowing outstanding at the end of the day on which the early repayment was made and the total of the payments for later years as calculated in accordance with paragraph (2).

SCHEDULE 1 Article 3(2)

FORMULA FOR ASCERTAINING DEEMED BORROWING OF INNER LONDON EDUCATION AUTHORITY AND LONDON FIRE AND CIVIL DEFENCE AUTHORITY

The formula specified for the purposes of article 3(2) is

A+B–(C+D) where —

A is the sum of —

(*a*) the loan debt outstanding immediately before 1st April 1983 which, but for the Act, would have become due on or after that date to the consolidated loans fund of the abolished council and which, as shown in that council's audited accounts for the financial year ended 31st March 1983, is attributable to the functions for which the Inner London Education Authority or, as the case may be, the London Fire and Civil Defence Authority is to be responsible; and

(*b*) the loan debt, if any, outstanding immediately before that date which, but for the Act, would have become due on or after that date in respect of loans attributable to those functions, and which, as shown in those accounts, did not form part of the council's consolidated loans fund;

B is the gross capital expenditure of the council which is shown in the council's accounts for the financial years ended 31st March 1984, 31st March 1985 and 31st March 1986, made up and balanced in accordance with regulation 6 of the Accounts and Audit Regulations 1983(**a**), as having been incurred for the purposes of the Inner London Education Authority or, as the case may be, for fire and civil defence purposes, *less* the capital receipts which are shown in those accounts as having been applied in those years for those purposes;

C is the sum of —

(*a*) three times the amount of the principal repayments debited in the council's audited accounts for the financial year ended 31st March 1983 which related to the loan debt outstanding and due to the council's consolidated loans fund which was attributable to the functions for which the Inner London Education Authority or, as the case may be, the London Fire and Civil Defence Authority is to be responsible; and

(*b*) three times the amount, if any, of the principal repayments debited in those accounts for that year which related to loan debt outstanding and due in respect of loans, attributable to those functions, which did not form part of the council's consolidated loans fund; and

D is the sum of 1/20th of the council's net capital expenditure incurred in the financial year ended 31st March 1984 and 1/40th of the council's net capital expenditure incurred in the financial year ended 31st March 1985 (as ascertained for the purposes of determining B above) in each case being capital expenditure incurred for the purposes of the Inner London Education Authority or, as the case may be, for fire and civil defence purposes.

(**a**) S.I. 1983/1761.

Article 3(3)(*b*)(ii) SCHEDULE 2

Title of order	Reference	Specified provisions
The London Authorities (Transfer of Housing Estates etc.) Order 1971.	S.I. 1971/231.	Article 8 and paragraph 10 of Part I of Schedule 1.
The London Authorities (Transfer of Housing Estates etc.) (No. 1) Order 1972.	S.I. 1972/171.	Paragraph 1 of Part I of Schedule 1.
The London Authorities (Transfer of Housing Estates etc.) (No. 2) Order 1972.	S.I. 1972/172.	Article 8 and paragraph 10 of Part I of Schedule 1.
The London Authorities (Transfer of Housing Estates etc.) (No. 3) Order 1972.	S.I. 1972/173.	Article 8 and paragraph 10 of Part I of Schedule 1.
The London Authorities (Transfer of Housing Estates etc.) Order 1973.	S.I. 1973/417.	Paragraph 7 of Part I of Schedule 1 and paragraph 1 of Part I of Schedule 2.
The Greater London Council (Transfer of Land and Housing Accommodation) Order 1980.	S.I. 1980/320, to which there are amendments not relevant to the specified provisions.	Articles 19 and 20 and paragraph 3(3) of Parts I and II of Schedule 2.
The Greater London Council (Transfer of Land and Housing Accommodation) Order 1981.	S.I. 1981/289, to which there are amendments not relevant to the specified provisions.	Articles 18 and 19(1) and paragraph 2(1) of Schedule 1.
The Greater London Council (Transfer of Land and Housing Accommodation) (No. 2) Order 1981.	S.I. 1981/536.	Article 20.
The Greater London Council (Transfer of Land and Housing Accommodation) (No. 3) Order 1981.	S.I. 1981/644, to which there are amendments not relevant to the specified provisions.	Articles 18 and19(1) and paragraph 2(1) of Schedule 1.
The Greater London Council (Transfer of Land and Housing Accommodation) Order 1982.	S.I. 1982/301.	Articles 15 and 16 and paragraph 2(1) of Schedule 1.
The Greater London Council (Transfer of Land and Housing Accommodation) Order 1983.	S.I. 1983/250.	Articles 12 and 13 and paragraph 2(1) of Schedule 1.

Kenneth Baker,
Secretary of State for the Environment.

7th March 1986.

EXPLANATORY NOTE

(This Note is not part of the Order.)

On 1st April 1986 the London Residuary Body will inherit from the Greater London Council liabilities in respect of money borrowed by that council. This order defines the sums which are to be paid to that Body by the London borough councils, the Common Council, the Inner London Education Authority and the London Fire and Civil Defence Authority for the purpose of enabling that Body to discharge those liabilities (article 3). The order makes arrangements for the repayment of principal (article 4), the payment of interest (article 5), for administration (article 6) and for early repayment (article 7).

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