

CAPITALISATION DIRECTIONS 2006-07: LATE APPLICATIONS

The conditions for applying for capitalisation directions in 2006-07 were published in the guidance at:

<http://www.local.communities.gov.uk/finance/capital/cappolpro.pdf>

This set a target date of 15 December 2006 for the submission of Gate One applications. The guidance made clear that, in considering any applications received after that date, Communities and Local Government would take account of the level of capitalisation which had already been reached and the potential threat to the Government's fiscal rules presented by issuing further directions in a financial year. Decisions on all applications received by the 15 December deadline were announced as promised by 31 January 2007. The directions already issued for 2006-07 have fully exhausted the 2006-07 capitalisation headroom.

Before announcing their decisions in January, Ministers considered whether some capacity should be kept in hand to meet possible late demands, but concluded that it would not be equitable to do so, given that the level of bids received by the target date already required the imposition of significant rationing. Late bids for 2006-07 could now only be met by scoring them against any limit considered prudent for capitalisation in 2007-08, at the expense of authorities making applications within that year's deadline. Ministers do not consider that course could be justified other than in exceptional circumstances, for example, where authorities are, or are about to be, subject to the formal process of engagement with Central Government.

Details of all the late applications are below, together with the decisions. The total approved will score against the 2007-08 capitalisation limit and will be included in the information provided for that financial year when it is posted on the Website.

AUTHORITY	CATEGORY	DECISION
Cheltenham	Commutation	Refused
Chester	Commutation	Refused
Congleton	Commutation	Refused
Restormel	Commutation	Refused
South Bedfordshire	Commutation	Refused
Wakefield	Equal pay	Refused
Chester	Exceptional	Refused
Hyndburn	Pensions	Refused
Surrey Heath	Pensions	Refused
Surrey Heath	Redundancy	Refused

Swindon	Pensions	Late application approved at: £205,000 (total pensions approval for Swindon in 2006-07 £855,000)
Swindon	Redundancy	Late application approved at: £260,500 (total redundancy approval for Swindon in 2006-07 £910,500).
Total approved		£465,500