
STATUTORY INSTRUMENTS

1997 No. 319

The Local Authorities (Capital Finance) Regulations 1997

PART II

EXPENDITURE FOR CAPITAL PURPOSES

Expenditure to be expenditure for capital purposes

Issue of loan instruments

2. Expenditure of a local authority which is incidental to the issue of a loan instrument shall be expenditure for capital purposes unless all of the payments or repayments required to be made by the authority in respect of the loan instrument are required to be made not later than one year after the loan instrument is issued.

Building works

3. Expenditure incurred by a local authority on the carrying out of works which are intended to—
- (a) increase substantially the thermal insulation of a building or part of a building,
 - (b) increase substantially the extent to which a building or part of a building can or will be used by a person aged 60 or over or a person who is a disabled person within the meaning given to that expression in section 114(6) (approval of applications to provide certain facilities for the disabled), or
 - (c) reduce substantially, in relation to a building or part of a building, the risk to persons in case of fire,

in so far as it is not expenditure for capital purposes by virtue of section 40(2) (capital purposes), shall be expenditure for capital purposes if it may be so regarded in accordance with proper practices.

Advances and grants for building works

4.—(1) In this regulation, “relevant expenditure” means expenditure incurred by a local authority on the making of advances, grants or other financial assistance to any person towards expenditure incurred or to be incurred by that person on—

- (a) the carrying out of works such as are mentioned in regulation 3; or
- (b) the carrying out of works which are intended to increase substantially the extent to which a building or part of a building can or will be used for any purpose.

(2) Relevant expenditure incurred by a local authority, in so far as it is not expenditure for capital purposes by virtue of section 40(4), and is not expenditure on approved investments, shall be expenditure for capital purposes.

Repayment of grants by local authority

5. Where a local authority are required to repay or make a payment in respect of any grant or other financial assistance made or given to them by a Minister of the Crown or Community institution towards expenditure for capital purposes, the expenditure incurred by the authority on making that repayment or payment shall be expenditure for capital purposes.

Housing disposal costs

6. Where an amount in respect of interest is included in any instalment of a disposal cost payable by a local authority in accordance with regulation 3 of the Housing (Change of Landlord) (Payment of Disposal Cost by Instalments) Regulations 1990(1), the expenditure incurred by the authority on paying that interest shall be expenditure for capital purposes.

Computer programs

7. Expenditure incurred by a local authority on the acquisition or preparation of a computer program, including expenditure on the acquisition of a right to use the program, in so far as it is not expenditure for capital purposes by virtue of section 40(2), shall be expenditure for capital purposes if the authority acquire or prepare the program for use for a period of at least one year for any purpose relevant to their functions.

Expenditure under private finance transactions

8.—(1) In this regulation, “private finance transaction” has the same meaning as in Part IV of these Regulations.

(2) Expenditure incurred by a local authority under a private finance transaction, in so far as it is not expenditure for capital purposes by virtue of section 40(2), shall be expenditure for capital purposes.

(1) S.I. 1990/1019. There are amendments which are not relevant to this regulation. Part IV of the Housing Act 1988, under which the Regulations were made, was repealed by section 222 of, and paragraph 1 of Part I of Schedule 18 to, the Housing Act 1996 (c. 52) subject to the savings contained in paragraph 12 of the Schedule to the Housing Act 1996 (Commencement No. 3 and Transitional Provisions) Order 1996 (S.I. 1996/2402 (C. 62)).