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 S T A T U T O R Y I N S T R U M E N T S
 

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**2000 No. 3237****LOCAL GOVERNMENT, ENGLAND**
**The Local Authorities (Capital Finance and Accounts)  
(England) Regulations 2000**

*Made - - - - - 11th December 2000*

*Laid before Parliament 14th December 2000*

*Coming into force - - - 1st April 2001*

The Secretary of State for the Environment, Transport and the Regions, in exercise of the powers conferred upon him by sections 42(4) and 58(9)(a) of the Local Government and Housing Act 1989(a) and section 27(1) of the Audit Commission Act 1998(b) hereby makes the following Regulations:

**Citation, commencement and extent**

1.—(1) These Regulations, which extend to England only(c), may be cited as the Local Authorities (Capital Finance and Accounts) (England) Regulations 2000.

(2) These Regulations shall come into force on 1st April 2001.

**Amendment of the Local Authorities (Capital Finance) Regulations 1997**

2.—(1) The Local Authorities (Capital Finance) Regulations 1997(d) shall be amended as follows:

(2) Insert the following regulation after regulation 12—

**“Expenditure not required to be charged to a revenue account—expenditure for capital purposes on property within the Housing Revenue Account**

**12A.** Expenditure which—

- (a) is expenditure for capital purposes in respect of any land, houses or other property to which section 74(1) of the Act (duty to keep Housing Revenue Account) for the time being applies;
- (b) does not fall within either section 42(2)(a) to (i) of the Act or regulation 12; and

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(a) 1989 c. 42.

(b) 1998 c. 18.

(c) The functions of the Secretary of State under sections 42(4) and 58(9)(a) of the Local Government and Housing Act 1989 are, so far as exercisable in relation to Wales, transferred to the National Assembly for Wales by the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672), article 2: *see* the entry in Schedule 1 for the Local Government and Housing Act 1989. The functions of the Secretary of State under section 27(1) of the Audit Commission Act 1998 are, so far as exercisable in relation to Wales, transferred to the National Assembly for Wales by S.I. 1999/672, article 2: *see* the entry in Schedule 1 for the Audit Commission Act 1998.

(d) S.I. 1997/319.

**[DETR 2043]**

(c) but for this regulation, would be required to be carried to the debit of the Housing Revenue Account of the authority under item 2(a) of Part II of Schedule 4 to the Act,

shall be expenditure falling within section 42(2).”.

(3) Insert the following regulation after regulation 59—

**“Disposal of mortgage portfolio**

**59A.** A sum received by a local authority in respect of the disposal of the authority’s rights and obligations as mortgagee of any land, house or other real property, if it is not a capital receipt by virtue of section 58(1) (capital receipts), shall be a capital receipt.”.

**Amendment of the Accounts and Audit Regulations 1996**

**3.** Insert the following paragraph after paragraph (4) of regulation 6 of the Accounts and Audit Regulations 1996(a);

“(4A) In the case of a local authority which is required by section 74 of the Local Government and Housing Act 1989 (“the 1989 Act”) to keep a Housing Revenue Account, the statement of accounts required by paragraph (1) shall include also an account in respect of a reserve for major repairs to property of the authority to which section 74(1) of the 1989 Act for the time being applies (to be called a major repairs reserve), showing in particular both:

(a) a debit in respect of expenditure which is—

(i) excluded from the obligation in section 41(1) of the 1989 Act because of regulation 12A of the Local Authorities (Capital Finance) Regulations 1997, and

(ii) not carried to the debit of the Housing Revenue Account of the authority under item 2(b) of Part II of Schedule 4 to the 1989 Act; and

(b) a credit of an amount in respect of any charge for depreciation included in the Housing Revenue Account under item 8 of Part II of Schedule 4 to the 1989 Act.”.

Signed by authority of the Secretary of State  
for the Environment, Transport and the Regions

*Nick Raynsford*  
Minister of State,  
Department of the Environment,  
Transport and the Regions

11th December 2000

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

Regulation 2 of these Regulations further amends the Local Authorities (Capital Finance) Regulations 1997. Regulation 2(2) inserts regulation 12A which provides that a local authority need not charge to a revenue account under section 41(1) of the Local Government and Housing Act 1989 expenditure for capital purposes on property within the authority's Housing Revenue Account, which does not fall within section 42(2)(a) to (i) of that Act. The authority would, in the absence of regulation 2(2), be required to charge the expenditure to the Housing Revenue Account ("HRA") under Item 2(a) of Part II of Schedule 4 to that Act.

Regulation 3 of these Regulations amends the Accounts and Audit Regulations 1996 to require a local authority which is required to keep an HRA to show in the statement of accounts it is required to prepare under regulation 6 of the latter Regulations, a separate account, a major repairs reserve, showing in particular, expenditure not required to be charged to the HRA because of regulation 12A of the Local Authorities (Capital Finance) Regulations 1997, and which the authority do not choose to charge to the HRA, and a credit in respect of any charge for depreciation included in the HRA under item 8 of Part II of Schedule 4 to the 1989 Act.

Regulation 2(3) of these Regulations inserts a new regulation 59A into the Local Authorities (Capital Finance) Regulations 1997 to put beyond doubt that the sum received by an authority on the disposal of its rights and obligations as mortgagee of any land, houses or other real property is a capital receipt.

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**STATUTORY INSTRUMENTS**

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