
STATUTORY INSTRUMENTS

2009 No. 321

LOCAL GOVERNMENT, ENGLAND

**The Local Authorities (Capital Finance and
Accounting) (England) (Amendment) Regulations 2009**

Made - - - - *18th February 2009*
Laid before Parliament *26th February 2009*
Coming into force - - *31st March 2009*

The Secretary of State, in exercise of the powers conferred by sections 21(1) and 123(1) of the Local Government Act 2003(1), makes the following Regulations:

Citation, commencement and application

1.—(1) These Regulations may be cited as the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009 and shall come into force on 31st March 2009.

(2) These Regulations apply in relation to local authorities in England only.

Amendment to the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

2. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003(2) are amended as follows.

Impairment of certain investments

3. After regulation 30F (financial guarantees given by local authorities) insert—

“Impairment of certain investments

30G.—(1) Where, in relation to a relevant investment, in accordance with proper practices—

- (a) an impairment loss is recognised in a revenue account of the authority for the financial year beginning on 1st April 2008;
- (b) an impairment loss is recognised in a revenue account of the authority for the financial year beginning on 1st April 2009; or

(1) 2003 c. 26.

(2) S.I. 2003/3146, amended by S.I. 2008/414; there are other amending instruments but none is relevant.

(c) the value of an impairment loss recognised in a revenue account of the authority for the financial year beginning on 1st April 2008 is increased in a revenue account of the authority for the financial year beginning on 1st April 2009, the local authority may credit to a revenue account for the year in which the loss is recognised, or increased in value, any amount up to the amount of the loss.

(2) A local authority which under paragraph (1) credits an amount to a revenue account for the financial year beginning on 1st April 2008 may debit an amount of up to the value of that credit to a revenue account for the financial year beginning on 1st April 2009.

(3) Subject to paragraph (6), where—

(a) under paragraph (1) a local authority credits an amount to a revenue account for the financial year beginning on 1st April 2008; and

(b) in accordance with proper practices—

(i) the value of the impairment loss that credit relates to is reduced in the financial year beginning on 1st April 2009, and

(ii) the authority credits an amount to a revenue account for that year to recognise that reduction,

the local authority must debit to a revenue account for the financial year beginning on 1st April 2009 an amount equal to the credit mentioned in sub-paragraph (b)(ii).

(4) Subject to paragraph (6), where—

(a) under paragraph (1) a local authority credits an amount to a revenue account for the year beginning on 1st April 2008; and

(b) in accordance with proper practices, the authority credits or has credited any amount to a revenue account before 1st April 2009 in respect of interest on the relevant investment not received on or before the date of the event giving rise to the impairment loss,

the local authority must debit to a revenue account for the financial year beginning on 1st April 2008 an amount equal to the total of the amounts mentioned in sub-paragraph (b).

(5) Subject to paragraph (6), where—

(a) under paragraph (1) a local authority credits an amount to a revenue account for the year beginning on 1st April 2008 or 1st April 2009; and

(b) in accordance with proper practices, the authority credits or has credited any amount to a revenue account before 1st April 2010 in respect of interest on the relevant investment not received on or before the date of the event giving rise to the impairment loss,

to the extent it has not debited an amount under paragraph (4) in respect of the interest, the local authority must debit to a revenue account for the financial year beginning on 1st April 2009 an amount equal to the total of the amounts mentioned in sub-paragraph (b).

(6) A local authority need not under paragraphs (3) to (5) debit to a revenue account a total amount that exceeds the total amount it has credited under paragraph (1).

(7) In paragraph (6), the reference to the total amount credited under paragraph (1) is a reference to that amount as reduced by a debit under paragraph (2).

(8) Where under paragraph (1) a local authority credits an amount to a revenue account, it must debit to a revenue account for the financial year beginning on 1st April 2010 an amount equal to the value of that credit to the extent the credit has not been reversed by debits under paragraphs (2) to (5).

(9) In this regulation, a relevant investment is a local authority investment—

- (a) in a bank;
 - (b) affected by an event in the period commencing on 1st April 2008 and ending on 26th November 2008,
- other than an investment of the type described in section 17(1)(e)(3).”.

Proper practices

4. For paragraph (c) of regulation 31 (proper practices) substitute—
- “(c) “in relation to parish councils only, Governance and Accountability for Local Councils: A Practitioners’ Guide 2008 (England)” published jointly by the National Association of Local Councils and the Society of Local Council Clerks, as amended or reissued from time to time(4).”

Signed by authority of the Secretary of State for Communities and Local Government

Kay Andrews
Parliamentary Under Secretary of State
Department for Communities and Local
Government

18th February 2009

(3) In the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, unless the context indicates otherwise, any reference to a section is a reference to a section of the Local Government Act 2003: *see* regulation 1(3).

(4) The current issue of this guide was published in Truro in 2008. A copy of it can be accessed at www.nalc.gov.uk/Latest_News/Governance_and_Accountability.aspx.

Status: *This is the original version (as it was originally made). UK
Statutory Instruments are not carried in their revised form on this site.*

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (“the 2003 Regulations”) and apply in relation to local authorities in England only. They alter the ordinary accounting treatment of certain potential financial losses suffered by local authorities by allowing an affected local authority to record an offsetting credit in its accounts of up to the value of the potential loss. The effect of this is that whilst the authority’s accounts continue to fully show the loss that has potentially been incurred, the effects on the authority’s budget calculations are mitigated. This is a temporary arrangement: the offsetting credit must be fully reversed in the financial year beginning on 1st April 2010 if it has not already been reversed by then.

Regulation 4 of these Regulations makes an unconnected amendment to reflect a change in the title of the document formerly known as “Governance and Accountability in Local Councils in England and Wales: A Practitioners’ Guide 2003 Edition” (as amended from time to time), which is referred to in regulation 31(c) of the 2003 Regulations.

A full impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.