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STATUTORY INSTRUMENTS

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**2014 No. 1375**

**LOCAL GOVERNMENT, ENGLAND**

**The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014**

<i>Made</i>	- - - -	<i>28th May 2014</i>
<i>Laid before Parliament</i>		<i>4th June 2014</i>
<i>Coming into force</i>	- -	<i>30th June 2014</i>

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 2014 and come into force on 30th June 2014.

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

**Amendment of 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.

**Special accounting provision in respect of non-domestic rating liabilities**

3. After regulation 30I (lease classification) insert—

**“Special accounting provision in respect of non-domestic rating liabilities**

**30J.—**(1) In this regulation—

“authority” means—

- (a) a relevant billing authority; or
- (b) a relevant precepting authority;

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(1) 2003 c.26.

(2) S.I. 2003/3146. A relevant amendment was made by S.I. 2010/454.

“non-domestic rating income” has the same meaning as in the Non-Domestic Rating (Rates Retention) Regulations 2013<sup>(3)</sup>;

“relevant billing authority” means a billing authority in England within the meaning of section 1(2)(a) of the Local Government Finance Act 1992<sup>(4)</sup> other than a billing authority in relation to which paragraph 1A (special provision for calculation of surplus or deficit in respect of specified years) of Schedule 4 to the Non-Domestic Rating (Rates Retention) Regulations 2013 has effect;

“relevant precepting authority” means a major precepting authority within the meaning of section 39 of the Local Government Finance Act 1992 other than a police and crime commissioner; and

“relevant provision” means provision made by an authority to recognise amounts to be repaid to ratepayers as a consequence of an alteration to a list in accordance with regulations made under section 55 of the Local Government Finance Act 1988<sup>(5)</sup> in respect of a day in a financial year prior to the year beginning on 1st April 2013.

(2) Where, in accordance with proper practices, a relevant billing authority is required to recognise a relevant provision in a revenue account for the financial year beginning on 1st April 2013, it may credit to a revenue account an amount equal to 80% of the amount of the relevant provision.

(3) Where, in accordance with proper practices, a relevant precepting authority is required to recognise a relevant provision in a revenue account for the financial year beginning on 1st April 2013, it may credit to a revenue account an amount equal to 80% of the amount found in accordance with paragraph (4).

(4) The amount found in accordance with this paragraph is—

- (a) the sum of the relevant provision that the relevant precepting authority is required to recognise in a revenue account for the financial year beginning on 1st April 2013; less
- (b) the sum of any amount it is required to recognise in a revenue account as part of that provision as a consequence of the share of non-domestic rating income it received from a billing authority in relation to which paragraph 1A of Schedule 4 to the Non-Domestic Rating (Rates Retention) Regulations 2013 has effect.

(5) An authority which credits an amount to a revenue account under paragraph (2) or (3) must debit an amount equal to 25% of that amount to a revenue account in relation to each of the financial years beginning on 1st April 2014, 1st April 2015, 1st April 2016 and 1st April 2017.”

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

*Kris Hopkins*  
Parliamentary Under Secretary of State  
Department for Communities and Local  
Government

28th May 2014

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(3) S.I. 2013/452; amended by S.I. 2014/96.

(4) 1992 c.14. Subsection (2) was substituted by section 35(5) of the Local Government (Wales) Act 1994 (c.19).

(5) 1988 c.41.

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## EXPLANATORY NOTE

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

These Regulations insert a new provision into the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. On 1st April 2013, with the commencement of the new scheme for local retention of non-domestic rates under Schedule 7B to the Local Government Finance Act 1988, and in accordance with ordinary local authority accounting practices, authorities in England would be required to recognise an amount in their revenue accounts representing the amount by which non-domestic rates payable to it for a year may be reduced by potential liabilities to ratepayers in respect of financial years before 1st April 2013. New regulation 30J allows billing authorities (other than those to which paragraph 1A of Schedule 4 to the Non-Domestic Rating (Rates Retention) Regulations 2013 has effect) and major precepting authorities (other than police and crime commissioners) in England to record an offsetting credit in their accounts of 80% of the sum of the reduction. This is a temporary measure as the offsetting credit must be fully reversed by the financial year commencing on 1st April 2017.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sector is foreseen.