

2024 No. 602

LOCAL GOVERNMENT, ENGLAND

**The Local Authorities (Capital Finance and Accounting)
(England) (Amendment) (No. 2) Regulations 2024**

<i>Made</i>	- - - -	<i>3rd May 2024</i>
<i>Laid before Parliament</i>		<i>7th May 2024</i>
<i>Coming into force</i>		<i>1st June 2024</i>

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 16(2)(a), 21(1) and 123(1) and (2) of the Local Government Act 2003(a).

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2024.

(2) These Regulations come into force on 1st June 2024.

(3) These Regulations extend to England and Wales.

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

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

(2) In regulation 1(5) (citation, commencement, application and interpretation)—

(a) omit the definition of “money market fund”;

(b) in the definition of “relevant period”, for “three” substitute “five”;

(c) in the definition of “relevant UCITS”, after paragraph (c) insert—

“or

(d) an EEA UCITS which is a recognised scheme under section 271A or 272 of the Financial Services and Markets Act 2000(c), or

(e) an EEA UCITS—

(i) to which Article 4(1)(aa) of Regulation 2017/1131 of the European Parliament and of the Council of 14th June 2017 on Money Market Funds(d) applies, and

(a) 2003 c. 26.

(b) S.I. 2003/3146; relevant amending instruments are S.I. 2004/534, 2018/1207, 2018/1386 and 2019/396.

(c) 2000 c. 8; section 271A was inserted by the Financial Services Act 2021 (c. 22), Schedule 9, Part 1, paragraph 1. Section 272 was amended by the Financial Services Act 2012 (c. 21), Schedule 18, Part 1, paragraph 9(1) and (2)(f); by the Financial Services Act 2021, section 25(1) to (3); and by S.I. 2013/1388, 2013/1773 and 2019/325.

(d) EUR 2017/1131. Article 4(1) was amended by S.I. 2019/394 and Article 4(1)(aa) was inserted by the Financial Services Act 2021 (c. 22), section 26(2).

(ii) which is marketed in accordance with Chapter 3 of Part 6 of the Alternative Investment Fund Managers Regulations 2013(a);”.

(3) In regulation 25(3) (expenditure to be capital expenditure), omit sub-paragraph (a).

(4) In regulation 30K(1) (fair value gains and losses of pooled investment funds), in the definition of “pooled investment fund” omit paragraph (a).

Signed by authority of the Secretary of State for Levelling Up, Housing and Communities

Simon Hoare

Parliamentary Under Secretary of State

Department for Levelling Up, Housing and Communities

3rd May 2024

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (S.I. 2003/3146) (the “2003 Regulations”) make provision for capital finance and accounts under Part 1 of the Local Government Act 2003 (c. 26) (“the 2003 Act”). Regulation 25 of the 2003 Regulations provides for expenditure which is, and which is not, to be treated as capital expenditure for the purposes of Chapter 1 of Part 1 of the 2003 Act. Since 2004, regulation 25 has excluded local authority investments in money market funds from treatment as capital expenditure in local authority accounts. Regulation 30K of the 2003 Regulations provides for specific accounting treatment for fair value gains and losses of local authority investments in pooled investment funds, including money market funds. Regulations 25 and 30K were amended by the Local Government (Miscellaneous Amendments) (EU Exit) Regulations 2018 (S.I. 2018/1386) and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2019 (S.I. 2019/396) to provide that investments in certain collective investment schemes (“UCITS”) were to be treated in the same way as money market funds for the purposes of regulations 25 and 30K.

These Regulations make amendments to the 2003 Regulations which are consequential on the Financial Services Act 2021 (c. 22). Regulation 2(2)(b) amends the definition of “relevant period” to reflect the extension of the temporary marketing permissions regime. Regulation 2(2)(c) amends the definition of “relevant UCITS” to give effect to the new regime for the recognition of overseas funds (including certain UCITS) introduced by the Financial Services Act 2021.

Regulation 2(2)(a), (3) and (4) revokes the definition of “money market funds” and remove references to this term in the 2003 Regulations, on the basis that it is redundant (as in all cases a money market fund to which regulation 25(3) and 30K(1) applied would also be a “relevant UCITS”).

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

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(a) S.I. 2013/1773, which was amended by the Financial Services Act 2021, Schedule 9, Part 2, paragraphs 10 to 12; and by S.I. 2019/328. There are other amending instruments but none is relevant.

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