
WELSH STATUTORY INSTRUMENTS

2018 No. 325

The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018

Title, commencement, application and interpretation

1.—(1) The title of these Regulations is the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018 and they come into force on 31 March 2018.

(2) These Regulations apply in relation to Wales.

(3) In these Regulations “the 2003 Regulations” (“*Rheoliadau 2003*”) means the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003⁽¹⁾.

Amendment to the 2003 Regulations

2. The 2003 Regulations are amended in accordance with regulations 3 to 11.

Interpretation

3. In regulation 1 (interpretation), in paragraph (4)—

(a) in the definition of “associates”, for “section 135” substitute “section 136”;

(b) omit the definition of “CIPFA”;

(c) in the definition of “dwelling-house”, for “section 135” substitute “section 136”;

(d) after the definition of “long lease”, insert—

““money market fund” means a collective investment scheme which—

(a) in accordance with [Directive 2009/65/EC](#)⁽²⁾ of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, is an undertaking for collective investment in transferable securities subject to that Directive; and

(b) is authorised or recognised under Part XVII of the Financial Services and Markets Act 2000⁽³⁾”;

(e) in the definition of “qualifying disposal”, omit “135 or”;

(f) after the definition of “secure tenant”—

(i) omit “and”;

(ii) insert—

(1) S.I. 2003/3239 (W. 319) as amended by S.I. 2004/1010 (W. 107), 2006/944 (W. 93), 2006/2914, 2007/1051 (W. 108), 2008/588 (W. 59), 2009/560 (W. 52), 2010/685 (W. 67), 2014/481 (W. 58) and 2016/102 (W. 50).

(2) OJ No L 302, 17.11.2009, p. 32, amended by 2010/78/EU (OJ No L 331, 15.12.2010, p. 120), 2011/61/EU (OJ No L 174, 1.7.2011, p. 1), 2013/14/EU (OJ No L 145, 31.5.2013, p. 1-3), and 2014/91/EU (OJ No L 257, 28.8.2014, p. 186-213).

(3) 2000 c. 8.

““securitisation transaction” means a disposal for consideration by a local authority of all or part of its interest in specified revenues, where disposal includes both sale and assignment; and”.

Credit arrangements

4.—(1) Before regulation 3 (liabilities that do not arise from capital expenditure) and the sub-part heading “Transactions which are not credit arrangements”, insert—

“TRANSACTIONS WHICH ARE CREDIT ARRANGEMENTS

Securitisation transactions

2A. A securitisation transaction must be treated as a transaction falling within section 7(2)(a).”

(2) For regulation 5 (calculation of cost of credit arrangements), substitute—

“Calculation of cost of credit arrangements

5. For the purposes of section 8(2) (entry into a credit arrangement or variation to be treated as the borrowing of an amount equal to the cost of the arrangement or variation), the cost of a credit arrangement or variation of a credit arrangement is—

- (a) in the case of a securitisation transaction, an amount equal to the value of the consideration received by the authority as a result of that transaction; or
- (b) in all other cases, the amount of the liability in respect of that arrangement or variation which is shown, in accordance with proper practices, in the authority’s accounts.”

Fixed assets

5. In regulation 3(2), for the words “fixed asset”, substitute “non-current asset which is not a financial asset”.

Bonds

6.—(1) For regulation 6 (repayment of loan etc. to a local authority), substitute—

“Repayment of loan etc. to a local authority

6.—(1) For the purpose of Chapter 1 of Part 1 and subject to paragraph (3) of this regulation, the sums to which paragraph (2) refers must be treated as capital receipts.

(2) Sums received by a local authority as repayment of the principal of an advance, a grant or any other financial assistance given by that local authority for such a purpose that, if the giving of that financial assistance had been expenditure incurred by the local authority at the time of the repayment, it would have constituted capital expenditure.

(3) For the purpose of Chapter 1 of Part 1 and subject to regulation 6A below, the sums to which paragraphs (4) to (6) refer must not be treated as capital receipts.

(4) Sums received by a local authority in connection with the repayment of the principal of an advance, a grant or any other financial assistance—

- (a) to an officer of the authority pursuant to the terms and conditions of that officer’s employment; or

- (b) in connection with the appointment of a person as an officer of the authority, to that person.
 - (5) Sums received by a local authority in respect of the redemption on maturity of a bond or the disposal of a bond.
 - (6) Sums received by a community council or charter trustees as repayment of the principal of an advance, a grant or any other financial assistance given by that community council or charter trustees.
 - (7) In paragraphs (4) and (5), “local authority” includes a community council and charter trustees.”
- (2) After regulation 6, insert—

“Bonds

- 6A.**—(1) For the purpose of Chapter 1 of Part 1, the sums to which paragraph (2) refers must be treated as capital receipts.
- (2) Sums received by a local authority in respect of the redemption on maturity of a bond or the disposal of a bond where—
- (a) the acquisition of the bond was prior to 1 April 2018; and
 - (b) expenditure on the acquisition was treated as capital expenditure.
- (3) In paragraph (2) “local authority” includes a community council and charter trustees.”

Capital receipts

7. After regulation 8 (payment made to redeem landlord’s share), insert—

“Securitisation transaction receipts

8A. For the purposes of Chapter 1 of Part 1, any sum received as consideration by a local authority as the result of a securitisation transaction which, apart from this regulation, would not be a capital receipt, must be treated as a capital receipt.”

Use of capital receipts

- 8.** In regulation 18 (use of capital receipts)—
- (a) in paragraph (2), for “paragraphs (3), (6) and (7)”, substitute “paragraphs (3) and (6)”;
 - (b) after paragraph (2)(e)—
 - (i) omit “.”;
 - (ii) insert—
 - “; or
 - (f) to meet the costs of or incidental to a disposal of an interest in land other than housing land, provided these do not exceed 4% of the capital receipt arising from the disposal.”;
 - (c) omit paragraph (7).

Expenditure to be capital expenditure

- 9.** In regulation 20 (expenditure to be capital expenditure)—
- (a) in paragraph (1)(d), omit “or loan capital”;

- (b) after paragraph (1)(g)—
 - (i) omit “.”;
 - (ii) insert—
 - “; and
 - (h) expenditure incurred on the acquisition, production or construction of assets for use by, or disposal to, a person other than the local authority which would be capital expenditure if those assets were acquired, produced or constructed for use by the local authority.”;
- (c) for paragraph (5), substitute—
 - “(5) The expenditure referred to in paragraph (1)(d) may not be treated as being capital expenditure by virtue of this regulation if it is—
 - (a) an investment in a money market fund;
 - (b) an investment in the shares of a company to which Part 12 of the Corporation Tax Act 2010⁽⁴⁾ (real estate investment trusts) applies; or
 - (c) the acquisition of shares in an investment scheme approved by the Treasury under section 11(1) of the Trustee Investments Act 1961⁽⁵⁾ (local authority investment schemes).”;
- (d) omit paragraph (6);
- (e) in paragraph (7), for “paragraphs (1)(a), (d), (e) and (f)” substitute “paragraphs (1)(a), (d), (e), (f) and (2)”.

Back payment following unequal pay

- 10.** In regulation 24A (back payment following unequal pay)—
 - (a) in paragraph (5)—
 - (i) omit “Subject to paragraph (6).”;
 - (ii) for “1 April 2018” substitute “1 April 2020”;
 - (b) omit paragraph (6).

Proper practices

- 11.** In regulation 25 (proper practices)—
 - (a) for paragraph (1)(a), substitute—
 - “(a) in relation to local authorities other than community councils and minor joint committees, the accounting practices contained in the “Code of Practice on Local Authority Accounting in the United Kingdom”⁽⁶⁾ as may be amended or reissued from time to time (whether under the same title or not) issued jointly by the Chartered Institute of Public Finance and Accountancy and the Local Authority (Scotland) Accounts Advisory Committee are proper practices; and”;
 - (b) in paragraph (2), for “£1,000,000” substitute “£2,500,000”.

⁽⁴⁾ 2010 c. 4.

⁽⁵⁾ 1961 c. 62.

⁽⁶⁾ ISBN 978 1 84508 4578 for the 2016/2017 Edition of the Code of Practice.

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