
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (S.I. 2003/3239 (W. 319)) (“the 2003 Regulations”).

Regulation 3 amends regulation 1 of the 2003 Regulations and introduces new definitions of “securitisation transaction” and “money market fund”.

Regulation 4(1) provides that a securitisation transaction must be treated as a credit arrangement for the purposes of section 7 of the Local Government Act 2003 (c. 26).

Regulation 4(2) substitutes regulation 5 of the 2003 Regulations so as to provide for the calculation of the cost of a securitisation transaction.

Regulation 5 replaces the term “fixed asset” with the current terminology in local government accounting practice.

Regulation 6 amends the 2003 Regulations to make clear that sums received by the local authority in respect of the redemption of a bond on its maturity, or disposal of a bond, must not be treated as a capital receipt, unless the bond was acquired before 1 April 2018 and the expenditure on acquisition was treated as capital expenditure.

Regulation 7 inserts a new regulation 8A which provides that the value of any consideration received as a result of a securitisation transaction by a local authority must be treated as a capital receipt.

Regulation 8 removes the requirement that only capital receipts received in respect of a disposal of an interest in land other than housing land may be used to meet the costs of, or incidental to, the disposal, provided such costs do not exceed 4% of the capital receipt arising from the disposal.

Regulation 9 removes the requirement for expenditure by local authorities on the acquisition of loan capital to be treated as capital expenditure. It also provides that expenditure incurred on the acquisition, production or construction of assets for use by, or disposal to, a person other than the local authority, must be treated as capital expenditure, if it would have been capital expenditure had the assets been acquired, produced or constructed for use by the local authority. Regulation 20 of the 2003 Regulations is also amended to exclude expenditure on the acquisition of certain types of share capital from being treated as capital expenditure.

Regulation 10 extends until 1 April 2020 the ability of local authorities to defer charging liabilities for back pay due to equal pay claims to revenue account until the date on which the local authority must pay that back-payment. This is provided that the back-payment is actually made before 1 April 2020.

Regulation 11 removes the reference to one of the documents identified as constituting proper practices for the purposes of section 21 of the Local Government Act 2003.

The Welsh Ministers’ Code of Practice on the carrying out of Regulatory Impact Assessments was considered in relation to these Regulations. As a result, it was not considered necessary to carry out a regulatory impact assessment as to the likely costs and benefits of complying with these Regulations.