

STATUTORY INSTRUMENTS

2003 No. 3146

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

PART 7

ACCOUNTS

[^{F1}Accounting for capital expenditure

29A. Where expenditure of a local authority—

- (a) is expenditure which falls to be capitalised in accordance with proper practices (“capital expenditure”); or
- (b) is treated as being capital expenditure by virtue of regulations made, or a direction given, under section 16(2),

that expenditure need not be charged to a revenue account of the local authority.]

Textual Amendments

- F1** Reg. 29A inserted (1.4.2007) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2007 \(S.I. 2007/573\)](#), regs. 1(1), 4

Retirement benefits

30.—[^{F2}(1)] For a financial year beginning on or after 1st April 2004, a local authority shall charge to a revenue account an amount equal to the retirement benefits payments and contributions to pension funds which are payable for that financial year in accordance with the [^{F3}statutory requirements mentioned in] regulation 4(2).

[^{F4}(2) In relation to any person or body which is a local authority for the purposes of section 21 by virtue of subsection (6)(b), (e), (g), (h), (k) or (l) of that section, this regulation has effect as if the reference in paragraph (1) to 1st April 2004 were a reference to 1st April 2015.]

Textual Amendments

- F2** Reg. 30 renumbered as reg. 30(1) (1.4.2015) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(3)(a)**
- F3** Words in reg. 30 substituted (31.3.2010) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2010 \(S.I. 2010/454\)](#), regs. 1(1)(a), **3(3)**
- F4** Reg. 30(2) inserted (1.4.2015) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(3)(b)**

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Modifications etc. (not altering text)

- C1** Reg. 30 applied by S.I. 2004/1778, **art. 23A** (as inserted (25.6.2009) by The Chilterns Area of Outstanding Natural Beauty (Establishment of Conservation Board) (Amendment) Order 2009 (S.I. 2009/1578), arts. 1(b), 2)

Commencement Information

- II** Reg. 30 in force at 1.1.2004 for specified purposes and 1.4.2004 in so far as not already in force, see **reg. 1(1)**

[^{F5}Back payment following unequal pay

30A.—(1) For the purposes of this regulation—

- (a) a reference to an employee of a local authority includes a reference to a former employee, an officer or a former officer of the authority;
- (b) a reference to the contract under which an employee was or is employed includes a reference to the terms of appointment under which an officer held or holds office; and
- (c) an employee of a local authority received unequal pay when the amount of pay he received from the authority for work done by him during a particular period is less than the appropriate amount of pay for that work done during that period.

(2) In this regulation—

“appropriate amount of pay”, in relation to an employee of a local authority, means the amount of pay to which the employee is entitled in accordance with any equality clause deemed to be included, by virtue of section 1(1) of the Equal Pay Act 1970, in the contract under which he was or is employed;

“back payment” means a payment of arrears of remuneration made by a local authority, for work—

- (a) done by an employee of the authority;
- (b) in respect of which the employee received unequal pay; and
- (c) done before the employee first receives any increase in pay as a result of receiving that unequal pay,

which is paid to the employee, or part of which is paid to the employee (“the net payment”) and part of which is paid to another person on behalf of the employee (“relevant deductions”), because the employee received unequal pay for that work; and

“social security costs” means any contributions by a local authority to any state social security or pension scheme, fund or arrangement.

(3) Where a local authority—

- (a) is required by an employment tribunal or a court to make a back payment;
- (b) (i) considers that it is probable that an employment tribunal or a court will require it to make a back payment; and
 - (ii) is able to make a reasonable estimate of the amount of such back payment;
- (c) has reached an agreement or otherwise determined to make a back payment; or
- (d) (i) considers that it is probable that it will reach an agreement or otherwise determine to make a back payment; and
 - (ii) is able to make a reasonable estimate of the amount of such back payment,

paragraph (4) shall apply.

(4) Where this paragraph applies, the authority need not charge to a revenue account an amount in respect of—

- (a) the back payment; or
- (b) social security costs or other costs incurred by the authority in relation to that back payment,

until the date on which the authority must pay that back payment, or the net payment, to the employee (as required by the tribunal or court or in accordance with the agreement or determination, as the case may be).]

[^{F6}(5) Subject to paragraph (6), this regulation ceases to have effect on [^{F7}1st April 2018].

(6) Where paragraph (4) applies to an amount, it continues to apply until the date on which the payment is actually made, whether or not the date is on or after [^{F8}1st April 2018].]

Textual Amendments

- F5** Reg. 30A inserted (30.3.2007) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2007 \(S.I. 2007/573\)](#), regs. 1(1), **5(2)**
- F6** Reg. 30A(5)(6) inserted (1.4.2010) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2010 \(S.I. 2010/454\)](#), regs. 1(1)(b), **6**
- F7** Words in reg. 30A(5) substituted (1.4.2013) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2013 \(S.I. 2013/476\)](#), regs. 1(3), **6**
- F8** Words in reg. 30A(6) substituted (1.4.2013) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2013 \(S.I. 2013/476\)](#), regs. 1(3), **6**

[^{F9}Back payments following unequal pay – further temporary accounting treatment

30AA.—(1) For the purposes of this regulation—

- (a) a reference to an employee of a local authority (“E”) includes a reference to a former employee, an officer or a former officer of that authority;
- (b) a reference to the contract under which E was or is employed includes a reference to the terms of appointment under which an officer held or holds office; and
- (c) E received unequal pay when the amount of pay E received from the authority for work done by E during a particular period is less than the appropriate amount of pay for that work done during that period.

(2) In this regulation—

“appropriate amount of pay”, in relation to E, means the amount of pay to which E is entitled in accordance with any sex equality clause deemed to be included, by virtue of section 66(1) of the Equality Act 2010, in the contract under which E was or is employed;

“back payment” means a payment of arrears of remuneration made by a local authority, for work—

- (a) done by E;
- (b) in respect of which E received unequal pay; and
- (c) done before E first receives any increase in pay as a result of receiving that unequal pay, which is paid to E, or part of which is paid to E (“the net payment”) and part of which is paid to another person on behalf of E (“relevant deductions”), because E received unequal pay for that work; and

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“social security costs” means any contributions by a local authority to any state social security or pension scheme, fund or arrangement.

- (3) Where a local authority—
- (a) is required by an employment tribunal or a court to make a back payment;
 - (b) (i) considers that it is probable that an employment tribunal or a court will require it to make a back payment; and
 - (ii) is able to make a reasonable estimate of the amount of such back payment;
 - (c) has reached an agreement or otherwise determined to make a back payment; or
 - (d) (i) considers that it is probable that it will reach an agreement or otherwise determine to make a back payment; and
 - (ii) is able to make a reasonable estimate of the amount of such back payment,

paragraph (4) applies.

(4) Where this paragraph applies, the authority need not charge to a revenue account an amount in respect of—

- (a) the back payment; or
- (b) social security costs or other costs incurred by the authority in relation to that back payment,

until the date on which the authority must pay that back payment, or the net payment, to the employee (as required by the tribunal or court or in accordance with the agreement or determination, as the case may be).

(5) Subject to paragraph (6), this regulation ceases to have effect on 1st April 2020.

(6) Where paragraph (4) applies to an amount, it continues to apply until the date on which the payment is actually made, whether or not the date is on or after 1st April 2020.]

Textual Amendments

F9 [Reg. 30AA](#) inserted (19.12.2018) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2018 \(S.I. 2018/1207\)](#), regs. 1(2), 4

[^{F10} **Early repayment of loans – premiums and discounts at 31st March 2007**

30B.—(1) This regulation applies where—

- (a) before 1st April 2007 a local authority repays a loan of money before the date on which the authority is required, in accordance with the terms of the loan, to fully repay the whole or the remaining part of it;
- (b) as a consequence of such early repayment—
 - (i) the authority is required to pay a premium to the lender of the loan or is required, in accordance with proper practices, to account for an amount in respect of a premium as if it were required to pay such a premium; or
 - (ii) the lender of the loan gives the authority a discount on the loan or the authority is required, in accordance with proper practices, to account for an amount in respect of a discount as if the lender had given the authority such a discount; and
- (c) (i) in the case of a premium, an amount in respect of the premium included, in accordance with proper practices, in the authority’s balance sheet at 1st April 2007 is less than the amount so included immediately before that date;

- (ii) in the case of a discount, an amount in respect of the discount included, in accordance with proper practices, in the authority's balance sheet at 1st April 2007 is less than the amount so included immediately before that date.

(2) This regulation does not apply in relation to an amount in respect of a discount where, before 1st April 2007, a local authority credited the total amount of the discount to a revenue account in accordance with proper practices or with proper accounting practices which the authority was required to follow at that time.

[
F11(2A) This regulation does not apply to any person or body which is a local authority for the purposes of section 21 by virtue of subsection (6)(b), (e), (g), (h), (k) or (l) of that section.]

(3) Subject to paragraphs (4) and (5), where this regulation applies, in each relevant year, the amount that a local authority shall charge to a revenue account for that year in respect of the premium or credit to a revenue account for that year in respect of the discount, as the case may be—

- (a) in the case of a premium, shall be an amount which is the same as or greater than the amount calculated in accordance with the formula specified in paragraph (6);
- (b) in the case of a discount, shall be an amount which is the same as or less than the amount calculated in accordance with that formula.

(4) In the case of a premium, where, in relation to a relevant year, the result of the calculation of the formula specified in paragraph (6) is nil, the authority shall not charge any amount to a revenue account for that year in respect of the premium.

(5) By the end of the final year, the total amount charged by the authority to a revenue account in respect of the premium or credited by the authority to a revenue account in respect of the discount shall equal the amount of the premium or the discount, as the case may be.

(6) The formula specified for the purposes of paragraphs (3) and (4) is—

$A - BC$

where—

“A” is—

- (a) in the case of a premium, the amount in respect of the premium included in the local authority's balance sheet immediately before 1st April 2007 less the amount in respect of the premium included in the authority's balance sheet at 1st April 2007;
- (b) in the case of a discount, the amount in respect of the discount included in the local authority's balance sheet immediately before 1st April 2007 less the amount in respect of the discount included in the authority's balance sheet at 1st April 2007;

“B” is the total of—

- (a) in the case of a premium—
- (i) any amounts charged to a revenue account before the current year, by virtue of this regulation, in respect of the premium; and
- (ii) any capital receipts used on or after 1st April 2007 to pay any part of the premium;
- (b) in the case of a discount, any amounts credited to a revenue account before the current year, by virtue of this regulation, in respect of the discount; and

“C” is the number of financial years from the current year to the final year inclusive.

(7) In this regulation, any reference to an amount included in an authority's balance sheet shall, if no such amount was included, be construed as a reference to nil.

(8) In this regulation—

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“current year” means the financial year for which the local authority is calculating the amount to charge or credit to its revenue account in accordance with this regulation;

“final year” means—

- (a) in the case of a premium—
 - (i) the financial year in which the whole or the remaining part of the loan would have been due to be fully repaid in accordance with the terms of the loan if the loan had not been repaid before that financial year; or
 - (ii) if later, the financial year in which the whole or the remaining part of any replacement loan (or, if more than one, the replacement loan which is due to be fully repaid last) is due to be fully repaid in accordance with the terms of the replacement loan;
- (b) in the case of a discount—
 - (i) the financial year in which the whole or the remaining part of the loan would have been due to be fully repaid in accordance with the terms of the loan if the loan had not been repaid before that financial year; or
 - (ii) if earlier, the financial year which ends on 31st March 2016;

“relevant year” means the financial year which begins on 1st April 2007 and each subsequent financial year until, and including, the final year; and

“replacement loan” means any loan of money to the local authority some or all of which the authority treats, for accounting purposes, as a replacement for some or all of the loan referred to in sub-paragraph (a) of paragraph (1).]

Textual Amendments

- F10** Regs. 30B-30D inserted (1.4.2007) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2007 \(S.I. 2007/573\)](#), regs. 1(1), **6**
- F11** Reg. 30B(2A) inserted (1.4.2015) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(4)**

[^{F10}Early repayment of loans – premiums and discounts after 31st March 2007

30C.—(1) This regulation applies where—

- (a) a local authority repays a loan of money on or after 1st April 2007 but before the date on which the authority is required, in accordance with the terms of the loan, to fully repay the whole or the remaining part of it;

[^{F12}(b) as a consequence of such early repayment—

- (i) the authority is required to pay a premium to the lender of the loan or is required, in accordance with proper practices, to account for an amount in respect of a premium as if it were required to pay such a premium; or
- (ii) the lender of the loan gives the authority a discount on the loan or the authority is required, in accordance with proper practices, to account for an amount in respect of a discount as if the lender had given the authority such a discount; and]
- (c) the authority is not required, in accordance with proper practices, to include an amount in respect of the premium or the discount, as the case may be, in its balance sheet on or after 1st April 2007.

(2) Subject to paragraphs (3) and (4), where this regulation applies, in the initial year and in each subsequent financial year until, and including, the final year, the amount that the authority shall

charge to a revenue account for that year in respect of the premium or credit to a revenue account for that year in respect of the discount, as the case may be—

- (a) in the case of a premium, shall be an amount which is the same as or greater than the amount calculated in accordance with the formula specified in paragraph (5);
- (b) in the case of a discount, shall be an amount which is the same as or less than the amount calculated in accordance with that formula.

(3) In the case of a premium, where, in relation to a financial year referred to in paragraph (2), the result of the calculation of the formula specified in paragraph (5) is nil, the authority shall not charge any amount to a revenue account for that year in respect of the premium.

(4) By the end of the final year, the total amount charged by the authority to a revenue account in respect of the premium or credited by the authority to a revenue account in respect of the discount shall equal the amount of the premium or the discount, as the case may be.

(5) The formula specified for the purposes of paragraphs (2) and (3) is—

D–EF

where—

“D” is the amount of the premium or the amount of the discount, as the case may be;

“E” is the total of—

- (a) in the case of a premium—
 - (i) any amounts charged to a revenue account before the current year, by virtue of this regulation, in respect of the premium; and
 - (ii) any capital receipts used to pay any part of the premium;
- (b) in the case of a discount, any amounts credited to a revenue account before the current year, by virtue of this regulation, in respect of the discount; and

“F” is the number of financial years from the current year to the final year inclusive.

[
^{F13}(5A) In relation to any person or body which is a local authority for the purposes of section 21 by virtue of subsection (6)(b), (e), (g), (h), (k) or (l) of that section, this regulation has effect as if the references in paragraph (1)(a) and (c) to 1st April 2007 were references to 1st April 2015.]

(6) In this regulation—

“current year” means the financial year for which the local authority is calculating the amount to charge or credit to its revenue account in accordance with this regulation;

“final year” means—

- (a) in the case of a premium—
 - (i) the financial year in which the whole or the remaining part of the loan would have been due to be fully repaid in accordance with the terms of the loan if the loan had not been repaid before that financial year; or
 - (ii) if later, the financial year in which the whole or the remaining part of any replacement loan (or, if more than one, the replacement loan which is due to be fully repaid last) is due to be fully repaid in accordance with the terms of the replacement loan;
- (b) in the case of a discount—
 - (i) the financial year in which the whole or the remaining part of the loan would have been due to be fully repaid in accordance with the terms of the loan if the loan had not been repaid before that financial year; or

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- (ii) if earlier, the ninth financial year after the initial year (counting the financial years, immediately following the initial year, consecutively);]

[^{F14}“initial year” means the financial year in which the loan is repaid; and

“replacement loan” means any loan of money to the local authority some or all of which the authority treats, for accounting purposes, as a replacement for some or all of the loan referred to in sub-paragraph (a) of paragraph (1).]

Textual Amendments

- F10** Regs. 30B-30D inserted (1.4.2007) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2007 \(S.I. 2007/573\)](#), regs. 1(1), **6**
- F12** Reg. 30C(1)(b) substituted (31.3.2008) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2008 \(S.I. 2008/414\)](#), regs. 1(1), **5(a)**
- F13** Reg. 30C(5A) inserted (1.4.2015) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(5)**
- F14** Words in reg. 30C(6) substituted (31.3.2008) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2008 \(S.I. 2008/414\)](#), regs. 1(1), **5(b)**

[^{F10}Interest on loans given by local authorities

30D.—(1) Where—

- (a) on or after 1st April 2007, a local authority gives a loan to a person;
- (b) the authority, in accordance with proper practices, includes an amount in respect of that loan in its balance sheet at the end of the financial year in which the loan is given (“the loan year”); and
- (c) the amount referred to in sub-paragraph (b) is less than the amount of the loan outstanding at the end of the loan year,

paragraph (3) shall apply.

(2) Where—

- (a) a local authority gave a loan to a person before 1st April 2007 and the whole or any remaining part of the loan is outstanding on or after 1st April 2007;
- (b) the authority, in accordance with proper practices, includes an amount in respect of that loan in its balance sheet at the end of the financial year which began on 1st April 2007 (“the 2007 financial year”); and
- (c) the amount referred to in sub-paragraph (b) is less than the amount of the loan outstanding at the end of the 2007 financial year,

paragraph (3) shall apply.

(3) Where this paragraph applies, the amount of the interest, if any, in respect of the loan, which the local authority credits to its revenue account—

- (a) (i) where the loan was given on or after 1st April 2007, in the loan year; or
(ii) where the loan was given before 1st April 2007, in the 2007 financial year; and
- (b) in each subsequent year until, and including, the financial year in which the whole or any remaining part of the loan is fully repaid,

shall be the amount of the interest, if any, which it is due to receive in that year in accordance with the loan agreement for that loan.]

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[^{F15}(4) In relation to any person or body which is a local authority for the purposes of section 21 by virtue of subsection (6)(b), (e), (g), (h), (k) or (l) of that section, this regulation has effect as if—

- (a) the references in paragraphs (1)(a), (2)(a) and (b) and (3)(a) to “1st April 2007” were references to “1st April 2015”; and
- (b) the references in paragraphs (2)(c) and (3)(a) to “2007 financial year” were references to “2015 financial year”.]

Textual Amendments

- F10** Regs. 30B-30D inserted (1.4.2007) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2007 \(S.I. 2007/573\)](#), regs. 1(1), **6**
- F15** Reg. 30D(4) inserted (1.4.2015) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(6)**

[^{F16}Interest on stepped interest rate loans taken out by local authorities

30E.—(1) This regulation applies where on any day before 9th November 2007 a local authority had taken out a stepped interest rate loan.

(2) The local authority shall charge to a revenue account for each financial year beginning with the financial year ending on 31st March 2008 and ending with the last financial year in which the loan agreement subsists—

- (a) the amount of the interest, if any, which it is due to pay in that financial year in accordance with the loan agreement; or
- (b) an amount calculated in accordance with the accounting practices identified in regulation 31.

(3) In this regulation, “stepped interest rate loan” means a loan taken out by a local authority at an interest rate which increases in one or more increments during the period for which the loan agreement subsists.]

[^{F17}(4) In relation to any person or body which is a local authority for the purposes of section 21 by virtue of subsection (6)(b), (e), (g), (h), (k) or (l) of that section, this regulation has effect as if the reference in paragraph (2) to 31st March 2008 were a reference to 31st March 2016.]

Textual Amendments

- F16** Regs. 30E, 30F inserted (31.3.2008) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2008 \(S.I. 2008/414\)](#), regs. 1(1), **6**
- F17** Reg. 30E(4) inserted (1.4.2015) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(7)**

[^{F16}Financial guarantees given by local authorities

30F.—(1) This regulation applies where on any day before 9th November 2007 a local authority had given a financial guarantee on behalf of another person.

(2) The amount the local authority charges to a revenue account with respect to the guarantee for each financial year beginning with the financial year ending on 31st March 2008 and ending with the last financial year in which the risk guaranteed subsists shall be calculated either—

- (a) in accordance with proper practices for the financial year beginning on 1st April 2006; or
- (b) in accordance with the accounting practices identified in regulation 31.]

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[^{F18}(3) In relation to any person or body which is a local authority for the purposes of section 21 by virtue of subsection (6)(b), (e), (g), (h), (k) or (l) of that section, this regulation has effect as if the reference in paragraph (2) to 31st March 2008 were a reference to 31st March 2016 and as if the reference in sub-paragraph (2)(a) to 1st April 2006 were a reference to 1st April 2015.]

Textual Amendments

- F16** Regs. 30E, 30F inserted (31.3.2008) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2008 \(S.I. 2008/414\)](#), regs. 1(1), **6**
- F18** Reg. 30F(3) inserted (1.4.2015) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(8)**

[^{F19}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
- (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—

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- (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).]

Textual Amendments

F19 Reg. 30G inserted (31.3.2009) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2009 \(S.I. 2009/321\)](#), regs. 1(1), **3**

[^{F20}Short-term accumulating compensated absences

30H.—[

^{F21}(1)] Where, in accordance with proper practices, a local authority includes an amount in respect of a liability for short-term accumulating compensated absences in its balance sheet, the authority must not charge to a revenue account an amount in respect of that liability until the date on which the liability ceases or is discharged.]

[^{F22}(2) In relation to any person or body which is a local authority for the purposes of section 21 by virtue of subsection (6)(b), (e), (g), (h), (k) or (l) of that section, this regulation only applies to an amount in respect of a liability for short-term accumulating compensated absences recorded on a balance sheet for a financial year beginning on or after 1st April 2015.]

Textual Amendments

F20 Reg. 30H inserted (1.4.2010) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2010 \(S.I. 2010/454\)](#), regs. 1(1)(b), **7**

F21 Reg. 30H renumbered as reg. 30H(1) (1.4.2015) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(9)(a)**

F22 Reg. 30H(2) inserted (1.4.2015) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(9)(b)**

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[^{F23}Lease classification

30I.—(1) Where, on or after 1st April 2009, a local authority receives money under an arrangement—

- (a) which is in existence on, and is not treated according to proper practices as a finance lease at, 31st March 2010, and
- (b) all or part of that arrangement will be treated according to proper practices as a finance lease on or after 1st April 2010,

the money received under that arrangement may be accounted for in accordance with proper practices applying to that arrangement on 31st March 2010.

(2) Where, on or after 1st April 2009, a local authority receives money under an arrangement—

- (a) which is in existence on, and is not treated according to proper practices as an operating lease at, 31st March 2010, and
- (b) all or part of that arrangement will be treated according to proper practices as an operating lease on or after 1st April 2010,

the money received under that arrangement may be accounted for in accordance with proper practices applying to that arrangement on 31st March 2010.]

Textual Amendments

F23 Reg. 30I inserted (1.4.2010) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2010 \(S.I. 2010/454\)](#), regs. 1(1)(b), 8

[^{F24}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;

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

“relevant billing authority” means a billing authority in England within the meaning of section 1(2)(a) of the Local Government Finance Act 1992 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 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.]

Textual Amendments

F24 Reg. 30J inserted (30.6.2014) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2014 \(S.I. 2014/1375\)](#), regs. 1(1), 3

[^{F25}Fair value gains and losses of pooled investment funds

30K.—(1) In this regulation—

“administering authority” means an administering authority as defined in Schedule 1 to the Local Government Pension Scheme Regulations 2013;

“fair value” means the fair value of an investment as determined in accordance with proper practices;

“fair value gain or loss” means a change in the fair value of an investment;

“pooled investment fund” means—

- (a) ^{F26} ...
- (b) a collective investment scheme as defined in section 235(1) of the Financial Services and Markets Act 2000; ^{F27} ...
- (c) an investment scheme approved by the Treasury under section 11(1) of the Trustee Investments Act 1961 (local authority investment schemes)]^{F28}; or
- (d) a relevant UCITS].

(2) Where a local authority—

- (a) invests in a pooled investment fund (other than in its capacity as an administering authority in relation to a pension fund), and
- (b) a fair value gain or loss experienced on the authority’s investment in that pooled investment fund would otherwise be charged to a revenue account by that local authority in accordance with proper practices,

paragraph (3) applies.

(3) Where this paragraph applies, the authority—

- (a) must not charge to a revenue account an amount in respect of that fair value gain or loss; and

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- (b) must charge that amount to an account established, charged and used solely for the purpose of recognising fair value gains and losses in accordance with this regulation.
- (4) Paragraph (3) does not apply in respect of—
- (a) an impairment loss in relation to the authority’s investment in a pooled investment fund as recognised in a revenue account of the authority in accordance with proper practices; or
- (b) a sale or other disposal of the whole or any part of the authority’s investment in a pooled investment fund.
- (5) This regulation applies in relation to accounts prepared for financial years falling within the period beginning with 1st April 2018 and ending with 31st March [^{F29}2025].]

Textual Amendments

- F25** Reg. 30K inserted (19.12.2018) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2018 \(S.I. 2018/1207\)](#), regs. 1(2), **5**
- F26** Words in reg. 30K(1) omitted (1.6.2024) by virtue of [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) \(No. 2\) Regulations 2024 \(S.I. 2024/602\)](#), regs. 1(2), **2(4)**
- F27** Word in reg. 30K(1) omitted (31.12.2020) by virtue of [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2019 \(S.I. 2019/396\)](#), regs. 1(2), **5(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F28** Words in reg. 30K(1) inserted (31.12.2020) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2019 \(S.I. 2019/396\)](#), regs. 1(2), **5(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F29** Word in reg. 30K(5) substituted (31.3.2023) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2023 \(S.I. 2023/241\)](#), regs. 1(2), **2**

[^{F30}Deficit relating to schools budget

30L.—(1) This regulation applies in relation to accounts prepared for the financial years [^{F31}falling within the period beginning with 1st April 2020 and ending with 31st March 2026].

(2) In this regulation—

“Dedicated Schools Grant” means the grant of that name paid to a local authority by the Secretary of State under section 14 of the Education Act 2002;

“schools budget” has the meaning given in section 45A(2) of the School Standards and Framework Act 1998;

“sixth form grant” means a grant of that name paid to a local authority by the Secretary of State under section 14 of the Education Act 2002 in respect of sixth form pupils.

(3) Where a local authority has a deficit in respect of its schools budget for a financial year [^{F32}falling within the period beginning with 1st April 2020 and ending with 31st March 2026], the authority—

- (a) must not charge to a revenue account an amount in respect of that deficit; and
- (b) must charge the amount of the deficit, calculated in accordance with paragraph (4) or (5), to an account established, charged and used solely for the purpose of recognising deficits in respect of its schools budget.

(4) A local authority has a deficit in respect of its schools budget for the financial year beginning on 1st April 2020 if—

$$(A + B - C) > (D + E + F)$$

where—

A is the amount of the authority's expenditure incurred on the schools budget for the financial year beginning on 1st April 2020, recognised in accordance with proper practices;

B is the amount of the authority's accumulated outstanding deficit, if any, in respect of the schools budget, recognised in the authority's accounts relating to the financial year beginning on 1st April 2019, in accordance with proper practices;

C is the amount, if any, that the authority transfers from its general fund in respect of its schools budget expenditure in the financial year beginning on 1st April 2020;

D is the amount of the authority's Dedicated Schools Grant in the financial year beginning on 1st April 2020, recognised in accordance with proper practices;

E is the amount of the authority's accumulated surplus, if any, in respect of the schools budget, recognised in the authority's accounts relating to the financial year beginning on 1st April 2019, in accordance with proper practices;

F is the amount of the authority's sixth form grant in the financial year beginning on 1st April 2020, recognised in accordance with proper practices.

(5) An authority has a deficit in respect of its school budget for a financial year [^{F33} falling within the period beginning with 1st April 2021 and ending with 31st March 2026] if—

$$(G - H) > (I + J + K)$$

where—

G is the amount of the authority's expenditure incurred on the schools budget for the financial year to which the accounts relate, recognised in accordance with proper practices;

H is the amount, if any, that the authority transfers from its general fund in respect of its schools budget expenditure in the financial year to which the accounts relate;

I is the amount of the authority's Dedicated Schools Grant in the financial year to which the accounts relate, recognised in accordance with proper practices;

J is the amount of the authority's accumulated surplus, if any, in respect of the schools budget, carried forward from the preceding financial year, recognised in accordance with proper practices;

K is the amount of the authority's sixth form grant in the financial year to which the accounts relate, recognised in accordance with proper practices.]

Textual Amendments

F30 Reg. 30L inserted (29.11.2020) by The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 (S.I. 2020/1212), regs. 1(2), **2**

F31 Words in reg. 30L(1) substituted (31.1.2023) by The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2022 (S.I. 2022/1328), regs. 1(2), **2(a)**

F32 Words in reg. 30L(3) substituted (31.1.2023) by The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2022 (S.I. 2022/1328), regs. 1(2), **2(b)**

F33 Words in reg. 30L(5) substituted (31.1.2023) by The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2022 (S.I. 2022/1328), regs. 1(2), **2(c)**

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^{F34}Accounting for infrastructure assets

30M.—(1) This regulation applies in relation to a statement of accounts prepared by a local authority in accordance with section 3(3) of the Local Audit and Accountability Act 2014—

- (a) which relates to a financial year beginning on or before 1st April 2024; and
- (b) in respect of which a certificate has not been entered under section 20(2)(a) of that Act.

(2) When preparing a statement of accounts to which this regulation applies, a local authority is not required to make any prior period adjustment to the balances of that statement of accounts in respect of infrastructure assets.

(3) Where a local authority replaces a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component (“the relevant amount”) the local authority shall either—

- (a) determine the relevant amount as nil; or
- (b) calculate the relevant amount in accordance with the accounting practices identified in regulation 31.

(4) If a local authority determines the relevant amount in accordance with paragraph (3)(a), it must include a note to that effect in its statement of accounts for the year in relation to which that determination is made.

(5) In this regulation—

“carrying amount” means the amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses;

“derecognised” means that all or part of an asset or liability is removed from an authority’s balance sheet;

“infrastructure asset” means an asset owned by a local authority, which there is no prospect of the authority selling or using for any purpose other than that for which it was created, and which forms part of the infrastructure of the authority’s area;

“prior period adjustment” means a correction of a material accounting error within a local authority’s statement of accounts for a previous financial year.]

Textual Amendments

F34 Reg. 30M inserted (25.12.2022) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2022 \(S.I. 2022/1232\)](#), regs. 1(1), 2

Proper practices

31. For the purposes of section 21(2) (accounting practices) the accounting practices contained in the following codes of practice and guide are proper practices—

- (a) “^{F35}...Code of Practice on Local Authority Accounting in the United Kingdom” published by CIPFA, as amended or reissued from time to time⁽¹⁾;
- ^{F36}(b) “Service Reporting Code of Practice for Local Authorities” published by CIPFA, as amended or reissued from time to time;^{F37} ...
- ^{F38}(c) in relation only to those authorities which are Category 2 authorities within the meaning of regulation 2(1) of the Accounts and Audit Regulations 2015, and which are not internal drainage boards, “Governance and Accountability for Local Councils: A Practitioners’

(1) The current issue of this code of practice was published in London in 2003. ISBN 0 85299 981 X.

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Guide (England) March 2014” published jointly by the National Association of Local Councils and the Society for Local Council Clerks, as amended or reissued from time to time; and

- (d) in relation only to internal drainage boards, “Governance and Accountability in Internal Drainage Boards in England: a Practitioners’ Guide 2006” published by the Association of Drainage Authorities and the Department for Environment, Food and Rural Affairs, as amended or reissued from time to time.]

Textual Amendments

- F35** Words in [reg. 31\(a\)](#) omitted (1.4.2010) by virtue of [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2010 \(S.I. 2010/454\)](#), regs. 1(1)(b), **9**
- F36** [Reg. 31\(b\)](#) substituted (31.3.2012) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2012 \(S.I. 2012/265\)](#), regs. 1(2), **8** (with [reg. 1\(4\)](#))
- F37** Word in [reg. 31\(b\)](#) omitted (1.4.2015) by virtue of [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(10)(a)**
- F38** [Reg. 31\(c\)\(d\)](#) substituted for [reg. 31\(c\)](#) (1.4.2015) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2015 \(S.I. 2015/341\)](#), regs. 1, **2(10)(b)**
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Commencement Information

- I2** [Reg. 31](#) in force at 1.1.2004 for specified purposes and 1.4.2004 in so far as not already in force, see [reg. 1\(1\)](#)

Changes to legislation:

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Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- reg. 1(3A) substituted by [S.I. 2024/478 reg. 2\(2\)\(b\)](#)
- reg. 28(4)-(7) inserted by [S.I. 2024/478 reg. 2\(4\)\(c\)](#)