
STATUTORY INSTRUMENTS

2022 No. 1232

LOCAL GOVERNMENT, ENGLAND

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022

Made - - - - *25th November 2022*
Laid before Parliament *30th November 2022*
Coming into force - - *25th December 2022*

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

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 and come into force on 25th December 2022.

(2) These Regulations extend to England and Wales.

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

2. After regulation 30L of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003⁽²⁾, insert—

“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⁽³⁾—

- (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.

(1) 2003 c. 26.

(2) S.I. 2003/3146; relevant amendments were made by S.I. 2010/454, 2012/265, 2015/341 and 2020/1212.

(3) 2014 c. 2.

(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.”.

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

Dehenna Davison
Parliamentary Under Secretary of State
Department for Levelling Up, Housing and
Communities

25th November 2022

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (“the 2003 Regulations”) make provision about the accounting practices to be followed by local authorities. These Regulations insert new regulation 30M into the 2003 Regulations.

New regulation 30M relates to the treatment of infrastructure assets within a local authority’s statement of accounts. An infrastructure asset is 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. New regulation 30M(2) provides that a local authority does not need to make any prior period adjustment in respect of infrastructure assets to the balances of any statement of accounts to which it applies. Where a local authority replaces a component of an infrastructure asset, new regulation 30M(3) also provides the authority with a choice of how to identify the carrying amount to be derecognised in respect of that component.

New regulation 30M applies only in respect of statements of accounts for financial years beginning on or before 1st April 2024, and only in respect of statements of accounts which have not already been certified by a local auditor.

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