

EXPLANATORY NOTE

(This note does not form part of the Regulations.)

These Regulations are made under Part IV of the Local Government and Housing Act 1989 (“the Act”) and amend the Local Authorities (Capital Finance) Regulations 1997 (“the 1997 Regulations”). The 1997 Regulations are concerned with the capital finance system for local authorities which has been in operation since 1st April 1990.

Under Part IV of the Act local authorities are required to have an amount of credit cover available when they enter into or vary a credit arrangement unless the credit arrangement is excluded from the requirement by regulations. These Regulations substitute a new Regulation 40 for Regulations 40, 41 and 42 of the 1997 Regulations so that a local authority entering into a credit arrangement which is a private finance transaction no longer needs to provide credit cover.