STATUTORY INSTRUMENTS

2004 No. 459

LOCAL GOVERNMENT, ENGLAND

The Local Authorities (Capital Finance) (Amendment) (England) Regulations 2004

Made - - - -	*25th February 2004*
Laid before Parliament	*3rd March 2004*
Coming into force - -	*25th March 2004*

The Secretary of State, in exercise of the powers conferred upon him by sections 42(4) and 190(1) of the Local Government and Housing Act 1989(**a**) hereby makes the following Regulations:

Citation, commencement and application

1.—(1) These Regulations may be cited as the Local Authorities (Capital Finance) (Amendment) (England) Regulations 2004 and shall come into force on 25th March 2004

(2) The amendments made by these Regulations apply only in relation to local authorities in England.

Expenditure not required to be charged to a revenue account - expenditure in respect of liabilities for retirement benefits

2. In regulation 12B(2) of the Local Authorities (Capital Finance) Regulations 1997(**b**)—

(a) at the end of sub-paragraph (e), the word "and" shall be omitted; and

(b) after sub-paragraph (f), there shall be inserted—

"(g) section 31 of the London County Council (General Powers) Act 1921 (compensation to persons in Council's service on abolition of office)(**c**); and

(h) the "principal civil service pension scheme" within the meaning of section 2(10) of the Superannuation Act 1972 (further provisions relating to superannuation schemes under section 1)(**d**) and for the time being in force.".

Signed by authority of the First Secretary of State

Phil Hope
Parliamentary Under Secretary of State,
Office of the Deputy Prime Minister

25th February 2004

(**a**) 1989 c. 42. The powers of the Secretary of State under sections 42 and 190 are, so far as exercisable in relation to Wales, transferred to the National Assembly for Wales by article 2 of the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672); *see* the entry in Schedule 1 for the Local Government and Housing Act 1989.
(**b**) S.I. 1997/319; regulation 12B was inserted by S.I. 2003/515.
(**c**) 1921 c. l; section 31 was amended by S.I. 1974/520, S.I. 1977/1341 and section 40 of the Greater London Council (General Powers) Act 1968 (c. xxxix).
(**d**) 1972 c. 11.

[ODPM 2854]

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Authorities (Capital Finance) Regulations 1997 ("the 1997 Regulations"). They apply to local authorities in England only.

The "Code of Practice on Local Authority Accounting in the United Kingdom", published by the Chartered Institute of Public Finance and Accountancy in 2003, provides for the full implementation of Financial Reporting Standard 17 ("FRS 17") in local authorities' accounts for the financial year beginning on 1st April 2003 and subsequent financial years. FRS 17 concerns the accounting treatment of retirement benefits. Regulation 12B of the 1997 Regulations deals with the effects of the application of FRS 17 to local authorities. Section 42 of the Local Government and Housing Act 1989 provides that certain expenditure of a local authority is not required to be charged to a revenue account of the authority. Regulation 12B provides that expenditure on liabilities for certain retirement benefits which a local authority has appropriated to a pension reserve in accordance with the Code of Practice need not be charged to a revenue account. This means that it need not be included in the authority's calculation of its budget requirement, which would affect the authority's calculation of the basic amount of council tax.

These Regulations add benefits payable pursuant to section 31 of the London County Council (General Powers) Act 1921 and pursuant to the principal civil service pension scheme to the list of the retirement benefits in regulation 12B, so that expenditure on liabilities for these benefits also does not need to be charged to a revenue account (regulation 2).

The 1997 Regulations will be superseded by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (S.I. 2003/3146) ("the 2003 Regulations") on 1st April 2004. Regulations 4 and 30 of the 2003 Regulations make provision in respect of certain retirement benefits. Those retirement benefits are benefits payable pursuant to the same legislation and scheme as are specified in regulation 12B of the 1997 Regulations (as amended by these Regulations). However, the 2003 Regulations will not deal with these issues, concerning expenditure on liabilities for retirement benefits, for the financial year beginning on 1st April 2003.

A full regulatory impact assessment has not been produced for this instrument, as it has no impact on the costs of businesses, charities or voluntary bodies.

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