

SL(5)203 – The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018

Background and Purpose

Part 1 of the Local Government Act 2003 (“the **2003 Act**”) introduced a legal framework within which local government may undertake capital expenditure. The Welsh Ministers may regulate that activity by regulations. Such provision was made by the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (S.I. 2003/3239) (“the **2003 Regulations**”) which provide the regulatory regime for local government capital finance and accounting practices to be followed by local authorities in Wales. The 2003 Regulations have been amended several times since coming into force.

These Regulations make a series of further amendments the 2003 Regulations, which the Explanatory Memorandum notes will “relax the current constraints around loan capital transactions, specific share capital transactions and bonds placing local authorities in Wales on an equivalent footing to counterparts in England.”

The specific amendments include the following:

- A requirement for securitisation transactions to be treated as credit arrangements for the purposes of section 7 of the 2003 Act and the value of any consideration received as a result of a securitisation transaction by a local authority to be treated as a capital receipt;
- Removal of the requirement for expenditure by local authorities on the acquisition of loan capital to be treated as capital expenditure; and
- The exclusion of expenditure on the acquisition of certain types of share capital (in collective investment schemes) from being treated as capital expenditure.

Procedure

Negative.

Technical Scrutiny

No points are identified for reporting under Standing Order 21.2 in respect of this instrument.

Merits Scrutiny

No points are identified for reporting under Standing Order 21.3 in respect of this instrument.

Implications arising from exiting the European Union

These Regulations define “money market fund” by reference to EU legislation, i.e. Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

The Welsh Government will therefore need to give consideration to the continuing appropriateness of this definition following the UK’s exit from the EU.



Government Response

No government response is required.

Legal Advisers

Constitutional and Legislative Affairs Committee

3 April 2018

