WELSH STATUTORY INSTRUMENTS

# 2008 No. 588 (W.59)

# LOCAL GOVERNMENT, WALES

## The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008

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| *Made - - - -* | *3 March 2008* |
| *Laid before the National Assembly for Wales - -* | *5 March 2008* |
| *Coming into force - -* | *31 March 2008* |

The Welsh Ministers, in exercise of the powers conferred by sections 21(1), 24 and 123(1) of the Local Government Act 2003(**1**), make the following Regulations:

**Title, commencement and application**

**1.**—(1) The title of these Regulations is The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 and they come into force on 31 March 2008.

(2) These Regulations apply in relation to local authorities in Wales.

**Amendments**

**2.** The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003(**2**) are amended as specified in regulations 3 to 5.

**Revenue provision**

**3.** For regulation 22 substitute—

"**Calculation of minimum revenue provision**

**22.** A local authority must calculate for the current financial year an amount of minimum revenue provision which it considers to be prudent.".

**Early repayment of loans — premiums and discounts after 31 March 2007**

**4.** In regulation 24C—

(**1**) 2003 c. 26.
(**2**) S.I. 2003/3239 (W.319), amended by S.I. 2007/1051(W.108); there are other amending instruments but none is relevant.

(a) for paragraph (1)(b) substitute—

"(b) as a consequence of such early repayment—

(i) the local 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 local authority a discount on the loan or the local 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 local authority such a discount; and";

(b) in paragraph (4), in the definition of "initial year", after "repaid" insert—

";

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

**Loans and guarantees**

**5.** After regulation 24D insert—

"**Interest on stepped interest rate loans taken out by local authorities**

**24E.**—(1) This regulation applies—

(a) where on any day before 21 January 2008 —

(i) a local authority had taken out a stepped interest rate loan, and

(ii) that loan had not been repaid in full; and

(b) in relation to financial years beginning on or after 1 April 2007.

(2) Where this regulation applies, the amount the local authority charges to its revenue account with respect to the interest payable on the loan must be either—

(a) the amount of the interest, if any, which it is due to pay in the financial year in accordance with the loan agreement for that loan; or

(b) calculated in accordance with the accounting practices identified in regulation 25.

(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 through the life of the loan.

**Financial guarantees given by local authorities**

**24F.**—(1) This regulation applies—

(a) where before 21 January 2008 a local authority has given a financial guarantee on behalf of another person; and

(b) in relation to financial years beginning on or after 1 April 2007.

(2) Where this regulation applies, the amount the local authority charges to its revenue account with respect to the guarantee must be calculated either—

(a) in accordance with proper practices for the financial year beginning on 1 April 2006; or

(b) in accordance with the accounting practices identified in regulation 25.".