
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 (S.S.I. 2016/123, “the 2016 Regulations”) and the Local Authority Accounts (Scotland) Regulations 2014 (S.S.I. 2014/200, “the 2014 Regulations”).

Regulation 3 amends the 2016 Regulations to enable a local authority to defer repayment of borrowing in either, but not both, the 2020-21 financial year or the 2021-22 financial year. If the local authority has taken a decision since 31 March 2020 to vary an existing repayment by increasing it, the increase that has been made by that variation is not available for deferral.

A decision to defer repayment must be taken by the local authority itself, and be accompanied by the setting of a new repayment plan for the borrowing in respect of which it has deferred the repayment. Limits are set on the ability of a local authority to defer repayment, so that it must be repaid within a period no longer than 20 years following the financial year in which the deferral occurs. However, the local authority may use its powers under regulation 14(2) of the 2016 Regulations subsequently to vary the repayment period, where it considers a variation to be prudent.

Regulation 4 revokes supplemental provision in the 2016 Regulations, which served a transitional purpose and is now spent.

Regulation 5 amends dates set by the 2014 Regulations which prescribe when local authorities must approve and publish audited accounts. The amended dates are later than would otherwise apply in relation to accounts for the 2020-21 financial year.

The amendments made by regulation 6 provide that from 1 April 2022 the requirement for local authorities to set repayment periods and amounts will be replaced for loans fund advances that are made on or after that date. The new arrangements will require a local authority to repay new loans fund advances in accordance with proper accounting practices. Paragraph (3) continues existing arrangements for the repayment of any loans fund advances that are made prior to 1 April 2022, allowing the local authority to continue to vary any such advance, where the local authority considers it prudent to do so.

Paragraph (4) of regulation 6 revokes the ability to defer repayment of borrowing that is introduced by regulation 3, since from 1 April 2022 its purpose will be spent.