



Local Government Act 2003

2003 CHAPTER 26

PART 1

CAPITAL FINANCE ETC AND ACCOUNTS

CHAPTER 1

CAPITAL FINANCE ETC

Supplementary

15 Guidance

- (1) In carrying out its functions under this Chapter, a local authority shall have regard—
 - (a) to such guidance as the Secretary of State may issue, and
 - (b) to such other guidance as the Secretary of State may by regulations specify for the purposes of this provision.
- (2) The power under subsection (1)(b) is not to be read as limited to the specification of existing guidance.

Commencement Information

- | | |
|-----------|---|
| I1 | S. 15 in force at 18.11.2003 for E. by S.I. 2003/2938 , art. 3(a) (with art. 8 , Sch.) |
| I2 | S. 15 in force at 27.11.2003 for W. for the purpose of and in relation to financial years beginning on or after 1.4.2004 by S.I. 2003/3034 , art. 2 , Sch. 1 Pt. 1 (with Sch. 2 para. 3) |

Status: Point in time view as at 01/04/2005.

Changes to legislation: Local Government Act 2003, Cross Heading: Supplementary is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

16 “Capital expenditure”

- (1) Subject to subsection (2), references in this Chapter to capital expenditure, in relation to a local authority, are to expenditure of the authority which falls to be capitalised in accordance with proper practices.
- (2) The Secretary of State may—
 - (a) by regulations provide that expenditure of local authorities shall be treated for the purposes of this Chapter as being, or as not being, capital expenditure;
 - (b) by direction provide that expenditure of a particular local authority shall be treated for the purposes of this Chapter as being, or as not being, capital expenditure.

Commencement Information

- I3** S. 16 in force at 27.11.2003 for W. for the purpose of and in relation to financial years beginning on or after 1.4.2004 by [S.I. 2003/3034, art. 2, Sch. 1 Pt. I](#) (with [Sch. 2 para. 3](#))
- I4** S. 16(1) in force at 1.4.2004 for E. by [S.I. 2003/2938, art. 7\(a\)](#) (with [art. 8, Sch.](#))
- I5** S. 16(2) in force at 18.11.2003 for E. by [S.I. 2003/2938, art. 3\(a\)](#) (with [art. 8, Sch.](#))

17 External funds

- (1) For the purposes of this Chapter—
 - (a) borrowing of money by a local authority for the purposes of an external fund shall be treated as not being borrowing by the authority;
 - (b) the temporary use by a local authority of money forming part of an external fund, if not for a purpose of the fund, shall be treated as borrowing by the authority;
 - (c) entry into a credit arrangement by a local authority for the purposes of an external fund shall be treated as not being entry into a credit arrangement by the authority;
 - (d) a disposal by a local authority of—
 - (i) an interest in an asset which, at the time of the disposal, is an asset of an external fund, or
 - (ii) an investment held for the purposes of such a fund,
 shall be treated as not being a disposal by the authority;
 - (e) the making of an investment by a local authority for the purposes of an external fund shall be treated as not being the making of an investment by the authority;
 - (f) expenditure incurred by a local authority in respect of payments out of an external fund shall be treated as not being expenditure of the authority.
- (2) In this section, references to an external fund, in relation to a local authority, are to—
 - (a) a superannuation fund which the authority is required to keep by virtue of the Superannuation Act 1972 (c. 11), or
 - (b) a trust fund of which the authority is a trustee.

Commencement Information

- I6** S. 17 in force at 27.11.2003 for W. for the purpose of and in relation to financial years beginning on or after 1.4.2004 by [S.I. 2003/3034, art. 2, Sch. 1 Pt. I](#) (with [Sch. 2 para. 3](#))

Status: Point in time view as at 01/04/2005.

Changes to legislation: Local Government Act 2003, Cross Heading: Supplementary is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

17 S. 17 in force at 1.4.2004 for E. by [S.I. 2003/2938](#), [art. 7\(a\)](#) (with [art. 8](#), [Sch.](#))

18 Local authority companies etc

- (1) The Secretary of State may, for the purposes of this Chapter, by regulations make provision for things done by or to a body mentioned in subsection (2) to be treated, in such cases and to such extent as the regulations may provide, as done by or to a local authority specified in, or determined in accordance with, the regulations.
- (2) Those bodies are—
 - (a) a Passenger Transport Executive,
 - (b) a company which, in accordance with Part 5 of the Local Government and Housing Act 1989 (c. 42) (companies in which local authorities have interests), is under the control, or for the time being subject to the influence, of a local authority or a Passenger Transport Executive, and
 - (c) a trust to which the provisions of section 69 of that Act (companies subject to local authority influence) are applicable because of an order under section 72 of that Act (trusts influenced by local authorities).
- (3) A local authority to which regulations under this section apply and any body or bodies falling within subsection (2)(a) or (b) with which the regulations link the authority are referred to in this section as the members of a local authority group.
- (4) Regulations under this section may include—
 - (a) provision for the application of any of the provisions of this Chapter to members of a local authority group subject to such modifications as the regulations may specify;
 - (b) provision as to the way in which—
 - (i) dealings between members of a local authority group, or
 - (ii) changes in the capitalisation or capital structure of a company in a local authority group,are to be brought into account for the purposes of this Chapter.

Commencement Information

- 18** S. 18 in force at 18.11.2003 for E. by [S.I. 2003/2938](#), [art. 3\(a\)](#) (with [art. 8](#), [Sch.](#))
- 19** S. 18 in force at 27.11.2003 for W. for the purpose of and in relation to financial years beginning on or after 1.4.2004 by [S.I. 2003/3034](#), [art. 2](#), [Sch. 1 Pt. I](#) (with [Sch. 2 para. 3](#))

19 Application to parish and community councils

- (1) In sections 2(3) and (4), 6, 9 to 13, 15, 16, 17(1)(a), (b) and (d) to (f) and (2) and 18, references to a local authority include a parish council, a community council and charter trustees.
- (2) Schedule 1 (which makes provision about capital finance in relation to parish and community councils and charter trustees) has effect.
- (3) The appropriate person may by regulations—

Status: Point in time view as at 01/04/2005.

Changes to legislation: Local Government Act 2003, Cross Heading: Supplementary is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) apply any of the other provisions of this Chapter to parish or community councils or charter trustees, or parish or community councils or charter trustees of any description, with or without modifications, and
- (b) make any corresponding disapplication of any of the provisions of Schedule 1.

Commencement Information

- I10** S. 19 in force at 27.11.2003 for W. for the purpose of and in relation to financial years beginning on or after 1.4.2004 by [S.I. 2003/3034](#), [art. 2](#), [Sch. 1 Pt. I](#) (with [Sch. 2 para. 3](#))
- I11** S. 19(1)(2) in force at 18.11.2003 for specified purposes for E. by [S.I. 2003/2938](#), [art. 3\(b\)\(c\)](#) (with [art. 8](#), [Sch.](#))
- I12** S. 19(1)(2) in force at 1.4.2004 for E. in so far as not already in force by [S.I. 2003/2938](#), [art. 7\(b\)](#) (with [art. 8](#), [Sch.](#))
- I13** S. 19(3) in force at 18.11.2003 for E. by [S.I. 2003/2938](#), [art. 3\(a\)](#) (with [art. 8](#), [Sch.](#))

20 Directions

- (1) Directions under this Chapter shall be in writing.
- (2) Directions under this Chapter may be expressed to have effect in specified circumstances or subject to specified conditions.
- (3) Any power to give a direction under this Chapter includes power to give a direction varying or revoking a previous direction given in exercise of the power.

Commencement Information

- I14** S. 20 in force at 18.11.2003 for E. by [S.I. 2003/2938](#), [art. 3\(a\)](#) (with [art. 8](#), [Sch.](#))
- I15** S. 20 in force at 27.11.2003 for W. for the purpose of and in relation to financial years beginning on or after 1.4.2004 by [S.I. 2003/3034](#), [art. 2](#), [Sch. 1 Pt. I](#) (with [Sch. 2 para. 3](#))

Status:

Point in time view as at 01/04/2005.

Changes to legislation:

Local Government Act 2003, Cross Heading: Supplementary is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.