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STATUTORY INSTRUMENTS

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**1995 No. 1982**

**The Local Authorities (Capital Finance and Approved Investments) (Amendment No. 2) Regulations 1995**

**Expenditure not to be expenditure for capital purposes**

**3.** In regulation 3—

- (a) at the beginning insert “(1)”; and
- (b) at the end add the following paragraphs—

“**(2)** Expenditure by a local authority which would otherwise be expenditure for capital purposes by virtue of section 40(4) shall not be expenditure for capital purposes if it is relevant expenditure.

**(3)** In this regulation—

“relevant expenditure” means expenditure by a local authority on the making of an investment, where—

- (a) the authority apply a relevant amount to meet the expenditure in question; and
- (b) the investment consists of a deposit made with, or any security or other instrument issued by, an institution or building society (in this paragraph referred to as “the relevant body”) which was liable to pay a relevant amount;

“relevant amount” means any amount which—

- (a) is due to the authority under an investment which is an approved investment under regulation 2(b) or (c) of the Local Authorities (Capital Finance) (Approved Investments) Regulations 1990<sup>(1)</sup>; and
- (b) becomes payable by the relevant body, before the date on which the authority are entitled under the terms of the investment to require it to be repaid or redeemed, by reason of a default or breach of covenant on the part of the relevant body in relation to the payment of the principal sum deposited or interest.”.

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<sup>(1)</sup> S.I. 1990/426; amended by S.I. 1991/501 and S.I. 1992/1353.