

STATUTORY INSTRUMENTS

2003 No. 3146

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

PART 3

CREDIT ARRANGEMENTS

[^{F1}TRANSACTIONS WHICH ARE CREDIT ARRANGEMENTS

Textual Amendments

- F1** Reg. 2A and sub-part heading inserted (1.4.2012) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2012 \(S.I. 2012/265\)](#), regs. 1(3), **4(1)** (with reg. 1(4))

Securitisation transactions

- 2A.** A securitisation transaction must be treated as a transaction falling within section 7(2)(a).]

TRANSACTIONS WHICH ARE NOT CREDIT ARRANGEMENTS

Liabilities that do not arise from capital expenditure

3.—(1) The liabilities of a local authority specified in paragraph (2) are liabilities specified for the purposes of section 7(3)(c) (exclusion of certain liabilities from definition of “qualifying liabilities”).

(2) The liabilities specified for the purposes of paragraph (1) are liabilities that do not arise from a transaction which results in the local authority being required, in accordance with proper practices, to recognise a [^{F2}non-current asset which is not a financial asset] in any balance sheet.

Textual Amendments

- F2** Words in reg. 3(2) substituted (31.3.2012) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2012 \(S.I. 2012/265\)](#), regs. 1(2), **4(2)** (with reg. 1(4))

Commencement Information

- I1** Reg. 3 in force at 1.1.2004 for specified purposes and 1.4.2004 in so far as not already in force, see [reg. 1\(1\)](#)

Retirement benefits

4.—(1) Liabilities for retirement benefits appropriated to a pension reserve in accordance with proper practices are liabilities specified for the purposes of section 7(3)(c).

Changes to legislation: The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, PART 3 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) View outstanding changes

(2) For the purposes of paragraph (1) and regulation 30, “retirement benefits” means benefits payable pursuant to ^{F3}statutory requirements under an arrangement accounted for as a defined benefit pension plan or as other long-term employee benefits (as defined in accordance with proper practices).]

Textual Amendments

F3 Words in [reg. 4\(2\)](#) substituted (1.4.2010) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2010 \(S.I. 2010/454\)](#), [regs. 1\(1\)\(b\)](#), [3\(1\)](#) (with [reg. 3\(2\)](#))

Modifications etc. (not altering text)

C1 [Reg. 4\(2\)](#) modified (31.3.2010) by [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2010 \(S.I. 2010/454\)](#), [regs. 1\(1\)\(a\)](#), [3\(2\)](#)

Commencement Information

I2 [Reg. 4](#) in force at 1.1.2004 for specified purposes and 1.4.2004 in so far as not already in force, see [reg. 1\(1\)](#)

SUPPLEMENTARY PROVISION

Varied transactions

5. For the purposes of Chapter 1 of Part 1 (capital finance etc.), a local authority shall be taken to have entered into a credit arrangement where—

- (a) on or after 1st April 2004, it enters into a transaction (“the new transaction”) which varies a transaction entered into previously, whether before, on or after 1st April 2004 (“the earlier transaction”);
- (b) the earlier transaction did not result in the local authority being taken to have entered into a credit arrangement; and
- (c) the local authority would, if it had entered into the earlier transaction as varied by the new transaction on—
 - (i) the date on which the earlier transaction was entered into; or
 - (ii) if later, 1st April 2004,

be taken to have entered into a credit arrangement,

and the date on which it is taken to have entered into the credit arrangement by virtue of this regulation is the date on which it enters into the new transaction.

Commencement Information

I3 [Reg. 5](#) in force at 1.1.2004 for specified purposes and 1.4.2004 in so far as not already in force, see [reg. 1\(1\)](#)

COST OF CREDIT ARRANGEMENTS

Calculation of cost of credit arrangements

^{F4}**6.** For the purposes of section 8(2) (entry into a credit arrangement or variation to be treated as the borrowing of an amount equal to the cost of the arrangement or variation), the cost of a credit arrangement or variation of a credit arrangement is—

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- (a) in the case of a securitisation transaction, an amount equal to the value of the consideration received by the authority as a result of that transaction, or
- (b) in all other cases, the amount of the liability in respect of that arrangement or variation which is shown, in accordance with proper practices, in the authority's accounts.]

Textual Amendments

- F4** Reg. 6 substituted (1.4.2012) by [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2012 \(S.I. 2012/265\)](#), regs. 1(3), **4(3)** (with reg. 1(4))

Commencement Information

- I4** Reg. 6 in force at 1.1.2004 for specified purposes and 1.4.2004 in so far as not already in force, see [reg. 1\(1\)](#)

Changes to legislation:

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Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- reg. 1(3A) substituted by [S.I. 2024/478 reg. 2\(2\)\(b\)](#)
- reg. 28(4)-(7) inserted by [S.I. 2024/478 reg. 2\(4\)\(c\)](#)