

---

WELSH STATUTORY INSTRUMENTS

---

**2003 No. 3239**

**The Local Authorities (Capital Finance  
and Accounting) (Wales) Regulations 2003**

**PART 5**

**MINIMUM REVENUE PROVISION**

**Commutation adjustments to minimum revenue provision**

**23.**—(1) Subject to paragraph (2), where—

- (a) any debt of the local authority to the Public Works Loan Commissioners was reduced or extinguished by a commuted payment (within the meaning which that expression has in section 157 of the Local Government and Housing Act 1989(1)) paid by the Secretary of State to the Commissioners in the financial year beginning on 1st April 1992; or
- (b) the Secretary of State paid a commuted payment to that authority in that financial year,

the authority must determine the amount by which it will reduce the amount of its minimum revenue provision for the current year calculated in accordance with regulation 22, in accordance with the formula—

$$\frac{G - (I + M)}{D}$$

Where —

G is the total amount of contributions, grants and subsidies which would have been payable to the local authority by the National Assembly for Wales for the current year but for commutation;

I is the amount by which interest, payable by the local authority in the current year on loans, is reduced by virtue of commutation determined in accordance with paragraph (3) where I may be nil but not a negative amount;

M is the amount of minimum revenue provision for the current year which would have been calculated by the local authority in accordance with regulation 22 but for commutation, less the amount of minimum revenue provision for the current year actually calculated in accordance with regulation 22 determined in accordance with paragraph (5) where M may be nil but not a negative amount.

(2) Where the amount calculated in accordance with the formula in paragraph (1) is a negative amount, that amount must be treated as nil in the current and all subsequent financial years.

(3) For the purposes of paragraph (1), the amount by which interest, payable by the local authority in the current year on loans, is reduced by virtue of commutation, will be determined in accordance with the formula—

$$\frac{(D - MC) \times DI}{D}$$

Where —

“D” is the total amount of the authority’s relevant debts where “relevant debt” means the amount by which any debt of the authority to the Public Works Loan Commissioners was reduced by a commuted payment or where such a debt was extinguished by a commuted payment, the amount of the debt;

“MC” is an amount equal to the aggregate of—

- (a) the authority’s cumulative total of minimum revenue provision savings determined in accordance with Part 3 of Schedule 2 to the 1997 Regulations for the financial years beginning before 31st March 2004;
- (b) where the current year is a financial year beginning after 31st March 2004, the authority’s cumulative total of minimum revenue provision savings determined in accordance with this regulation for the financial years beginning after 31st March 2004;
- (c) the authority’s cumulative total of commutation adjustments determined in accordance with Part 2 of Schedule 2 to the 1997 Regulations for the financial years beginning before 31st March 2004;
- (d) where the current year is a financial year beginning after 31st March 2004, the authority’s cumulative total of commutation adjustments determined in accordance with this regulation for the financial years beginning after 31 March 2004

“DI” is the aggregate of the amounts calculated in accordance with paragraph 4.

(4) In calculating item “DI” in accordance with paragraph 3, the authority must calculate for each relevant debt an amount equal to the percentage of the debt which was chargeable by way of interest on the debt on the date on which the debt was reduced or extinguished by a commuted payment.

(5) Where the authority’s adjusted capital financing requirement on the last day of the last year was nil or a positive amount, the authority’s minimum revenue provision savings for the current year must be determined in accordance with the formula—

$$\left( \frac{4[D-MC]}{100} \right) - H$$

Where —

“D”, and “MC” have the same meanings as in paragraph (3);

“H” is a percentage of the amount, if any, by which the authority’s housing capital finance requirement for the current year is reduced in consequence of any reduction in the authority’s capital financing requirement by virtue of the making of a commuted payment to the Public Works Loan Commissioners. The percentage rate to be used is as specified in the current year (Wales) General Determination of the Item 8 Credit and Item 8 Debit made under section 75 of and Schedule 4 to the Local Government and Housing Act 1989 made by the National Assembly for Wales.