

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Local Authorities (Capital Finance) Regulations 1997 (“the 1997 Regulations”) in order to deal with the effects of the application to local authorities of a new accounting standard, 'FRS 17', which requires future liabilities for retirement benefits to be recognised in local authorities' accounts.

Section 42 of the Local Government and Housing Act 1989 provides that certain expenditure of a local authority is not required to be charged to a revenue account of the authority. These Regulations, made under that section, amend the 1997 Regulations by inserting a new regulation which provides that expenditure on liabilities for retirement benefits which a local authority has appropriated to a pension reserve as required by proper accounting practices need not be charged to a revenue account.