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WELSH STATUTORY INSTRUMENTS

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**2006 No. 944 (W.93)**

**LOCAL GOVERNMENT, WALES**

**The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2006**

*Made* - - - - 28 March 2006  
*Coming into force* - - 1 April 2006

The National Assembly for Wales, in exercise of the powers conferred upon it by sections 9(3), 10, 11, 16(2), 21, 23(1) and (2), 24, 123(1) and (2) and 124 of the Local Government Act 2003<sup>(1)</sup> hereby makes the following Regulations:

**Title commencement and application**

1.—(1) The title of these Regulations is the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2006 and they come into force on 1 April 2006.

(2) These Regulations apply in relation to Local Authorities in Wales.

**Interpretation**

2.—(1) In these Regulations any reference to a Part, section or Schedule is a reference to a Part or section of, or Schedule to, the Local Government Act 2003 unless otherwise stated.

(2) In these Regulations “the 2003 Regulations” means the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003<sup>(2)</sup>.

**Amendments to the 2003 Regulations**

3. The 2003 Regulations are amended in accordance with regulations 4 to 8.

**Amendment to regulation 1 of the 2003 Regulations**

4. In regulation 1(4) (name, commencement, application and interpretation) of the 2003 Regulations—

(a) before the definition of “the 1997 Regulations” insert—

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(1) 2003 c. 26.  
(2) S.I. 2003/3239 (W.319).

““the 1993 Act” means the Leasehold Reform Housing and Urban Development Act 1993(3);”

- (b) at the end of the definition of “the 1997 Regulations” insert “;”;
- (c) after the definition “the 1997 Regulations” insert—
  - ““associates” has the same meaning as in section 135 of the 1993 Act (disposals of dwelling-houses by local authorities);”;
- (d) after the definition of “dwelling” insert—
  - ““dwelling-house” has the same meaning as in section 135 of the 1993 Act;”;
- (e) after the definition of “housing land” insert—
  - ““introductory tenant” has the same meaning as in chapter 1 of Part V of the Housing Act 1996 (introductory tenancies);”
- (f) after the definition of “local authority” insert—
  - ““long lease” means a lease for a term of years certain exceeding 21 years other than a lease which is terminable before the end of that term by notice given by or to the landlord;”;
- (g) in the definition of “qualifying disposal”—
  - substitute “1993 Act” for “Leasehold Reform Housing and Urban Development Act 1993”;
- (h) after the definition of “qualifying disposal” insert—
  - ““relevant disposal period” means the period of 5 years ending with the date of the disposal;
  - “secure tenant” has the same meaning as in Part IV of the Housing Act 1985(4) (secure tenancies and rights of secure tenants); and
  - “small scale disposal” means a disposal by a local authority of an interest in housing land to any person where—
    - (a) the National Assembly for Wales has given consent to the disposal under section 32 (power to dispose of land held for the purposes of Part II) or 43 (consent required for certain disposals not within section 32) of the Housing Act 1985;
    - (b) it has given that consent subject to the conditions that the Local Authority—
      - (i) takes reasonable steps to ascertain whether the majority of secure tenants and introductory tenants who would be affected by the disposal are not opposed to it; and
      - (ii) is satisfied that, at the time of the disposal, the majority of those tenants are not likely to be opposed to the disposal;
    - and
    - (c) the aggregate of the following, namely—
      - (i) the number of dwelling-houses included in the disposal; and
      - (ii) the number of dwelling-houses which, within the relevant disposal period, have been previously disposed of by the local authority to that person, or that person and any associates of that person taken together, is not more than 499,

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(3) 1993 c. 28.

(4) 1985 c. 68.

but for the purposes of this definition, a disposal of any dwelling-house must be disregarded if at the time of the disposal the local authority's interest in the dwelling house is or was subject to a long lease."

### **Amendment to regulation 10 of the 2003 Regulations**

**5.—(1)** In regulation 10 (pooling of receipts from disposals of housing land) of the 2003 Regulations—

(a) in paragraph (1) after "revenue account" insert—

"or a housing revenue account which is debt free for HRA subsidy purposes";

(b) in paragraph (1) after "qualifying disposal" insert—

"or a small scale disposal";

(c) after paragraph (2) insert—

"(2A) for the purposes of paragraph (1) "a housing revenue account which is debt free for HRA subsidy purposes" means a housing revenue account where the opening HRA subsidy capital financing requirement as defined in accordance with Regulation 22(2) is nil or negative".

(d) delete paragraph (9) and insert—

(a) "(9) Subject to paragraph (9)(d) for the purposes of paragraph (4)(b) a disposal means a disposal of—

(i) an interest in land where the land is held for the purposes of Part II of the Housing Act 1985 (provision of housing accommodation) and if there is a building situated on the land, the building does not, in the whole or in part, comprise a dwelling; or

(ii) an interest in a dwelling where the dwelling was normally let, or available for letting, for the purposes of Part II of the Housing Act 1985 (provision of housing accommodation) and the authority make the disposal by granting a shared ownership lease (within the meaning given to that expression in section 622 of the Housing Act 1985), or on condition that the purchaser, for the purpose of repairing or improving the dwelling, will carry out significant works within a specified period; or

(iii) an interest in a lease, other than a shared ownership lease, where the authority estimate that not less than 90 percent of the capital value of the lease has been, or is to be, received by them within one year after the date of disposal.

(b) Paragraph (9)(a) (iii) is only applicable to paragraph (4)(b) where the authority make the disposal by—

(i) conveying the freehold interest in the dwelling;

(ii) granting a lease for a term of not less than 125 years;

(iii) granting a shared ownership lease; or

(iv) assigning their leasehold interest in the dwelling; and

for the purposes of this paragraph a "shared ownership lease" means a lease of a dwelling granted on payment of a premium which is calculated by reference to a percentage of the value of the dwelling or the cost of providing it, and is not less than 25 percent of that value or cost.

- (c) Paragraph (9)(a)(iii) shall not apply to a disposal (“the current disposal”) of an interest in a dwelling which has at any time been occupied under a relevant lease granted by the authority, unless—
  - (i) since the last date on which the dwelling was so occupied, the authority has disposed of an interest in it under Part V of the Housing Act 1985 (the right to buy), or chapter 1 of Part I of the Housing Act 1980 (the right to buy), or with a relevant consent, to a person who, when that person acquired that interest, occupied, or intended to occupy, the dwelling as that person’s only or principal home;
  - (ii) that disposal was made more than five years before the current disposal;
  - (iii) at any time within that period the authority acquired a further interest in the dwelling; and
  - (iv) the dwelling is a house within the meaning which that expression has in section 44 of the Housing Act 1985.
- (d) In paragraph (9)(c)—
 

“relevant consent” means a consent to a disposal of land given by the Secretary of State to local authorities generally under section 32 or 43 of the Housing Act 1985, section 22 of the Housing and Building Control Act 1984 or section 104 of the Housing Act 1957;

“relevant lease” means—

  - (i) a secure tenancy within the meaning which that expression has in Part IV of the Housing Act 1985 (secure tenancies and rights of secure tenants);
  - (ii) an introductory tenancy within the meaning which that expression has in Chapter 1 of Part V of the Housing Act 1996; or
  - (iii) any other lease, other than a shared ownership lease within the meaning given to it in paragraph (9)(b).”.

**Amendment of regulation 15 of the 2003 Regulations**

6. In regulation 15(1) (non-money receipts) of the 2003 Regulations after “qualifying disposal” insert—  
 “or a small scale disposal”.

**Amendment of regulation 20 of the 2003 Regulations**

7.—(1) In regulation 20 (expenditure to be capital expenditure) of the 2003 Regulations—  
 (a) in sub-paragraph (f) of paragraph (1) substitute “,” for “.”;  
 (b) after sub-paragraph (f) of paragraph (1) insert:  
 “(g) the payment of any levy by a local authority under section 136 of the 1993 Act (levy on disposals)”.

**Amendment of regulation 22 of the 2003 Regulations**

8.—(1) In regulation 22 (calculation of minimum revenue provision) of the 2003 Regulations—  
 (a) in paragraph (1) substitute—  

$$\frac{[(C.F.R. - HC) - A]}{100}$$
 “ 100 ”

for

$$\frac{4|CFR - (A - HC)|}{100};$$

- (b) in paragraph (2) after the definition of “opening HRA capital financing requirements” insert—

““opening HRA subsidy capital financing requirement” means for the financial year beginning on 1 April 2006 and any subsequent financial year, the amount calculated in accordance with paragraph (3A);”

- (c) after paragraph (3) insert—

“(3A) the amount referred to in the definition of “opening HRA subsidy capital financing requirements” in paragraph (2) has the same meaning for that current year in the Housing Revenue Account Subsidy (Wales) Determination made under sections 80 and 87 of the Local Government and Housing Act 1989 for that year.”.

Signed on behalf of the National Assembly for Wales under section 66(1) of the Government of Wales Act 1998(5)

28 March 2006

*D. Elis-Thomas*  
The Presiding Officer of the National Assembly

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

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## EXPLANATORY NOTE

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

Part I of the Local Government Act 2003 (“the 2003 Act”) allows the National Assembly for Wales to make provision for a system of local government capital finance. The National Assembly for Wales used the powers under the 2003 Act to make the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (“the 2003 Regulations”) which introduced a new system of local government capital finance. These Regulations are made under largely the same powers and make amendments to the 2003 Regulations.

Regulation 4 of these Regulations inserts a definition of “small scale disposal”, and other definitions for the purposes of that term, into regulation 1(4) of the 2003 Regulations. A small scale disposal is a disposal by a local authority of an interest in housing land where the National Assembly for Wales has consented to the disposal subject to the local authority being satisfied that the majority of secure and introductory tenants are not opposed to it. A disposal is not a small scale disposal unless the aggregate number of dwelling-houses disposed of by the authority in the five year period ending on the date of the disposal does not exceed 499.

Regulation 5 of these Regulations provides for small scale disposals to be excluded from the requirement to pool receipts from the disposals of housing land that are in regulation 10 of the 2003 Regulations. Regulation 5 also provides for a new regulation 10(9) in the 2003 Regulations.

Regulation 6 of these Regulations excludes small scale disposals for which notional capital receipts have to be determined under regulation 15 of the 2003 Regulations.

Regulation 7 amends regulation 20 of the 2003 Regulations so that the payment of a levy on a disposal under the Leasehold Reform, Housing and Urban Development Act 1993 is treated as capital expenditure.

Regulation 8 of these Regulations amends the provisions in regulation 22 of the 2003 Regulations concerning the calculation of minimum revenue provision. The calculation is amended to ensure that any change in the housing capital finance requirement will not affect the council fund capital finance requirement calculation, and hence the council fund minimum revenue provision calculation. Regulation 8 also amends regulation 22 of the 2003 Regulations so that a local authority in Wales could only be required to make pooling contributions to the National Assembly for Wales where that local authority’s existing opening HRA capital financing requirement, or that local authority’s opening HRA subsidy capital financing requirement, is nil, or a negative amount.