
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.