

RESPONSE TO CONSULTATION: LOCAL GOVERNMENT CAPITAL FINANCE SYSTEM - AMENDMENTS TO REGULATIONS (27 AUGUST 2004)

ODPM's consultation letter is at <http://www.local.dtlr.gov.uk/finance/capital/amendletter.pdf>. Responses were received from 36 authorities. ODPM is most grateful for the comments, which have been taken into account in finalising the regulations. The regulations as now made are at <http://www.legislation.hmso.gov.uk/si/si2004/20043055.htm> and ODPM's informal commentary is at:

<http://www.local.dtlr.gov.uk/finance/capital> ...

The latter indicates the changes made since consultation stage.

Most of the proposed amendments were welcomed by respondents. The only proposal which elicited negative comments related to *Loans, Grants and Financial Assistance to Officers*.

Under regulation 25(1)(b) in the 2003 regulations, a loan or grant made by a local authority for capital expenditure normally counts as capital expenditure for the authority making it. However, regulation 26 provides that loans or grants to an authority's own officers may *not* be so treated. The consultation draft proposed the revocation of regulation 26. Some authorities expressed concern, mainly on the grounds that this treatment could be difficult to apply to numerous small transactions. ODPM is prepared to consider the issue further if local government wishes, but the measure has been omitted from the amendment regulations, leaving regulation 26 in force.