

NOTES FOR GUIDANCE FOR CAPITAL OUTTURN (CO) RETURNS, 2022-23

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Please note the following:

1 - Service Reporting Code of Practice (SeRCOP)

The [CIPFA Service Reporting Code of Practice](#) (SeRCOP) replaces the previous Best Value Accounting Code of Practice (BVACOP).

2 - PRIVATE FINANCE INITIATIVE (PFI)

For COR1-2 (off-balance sheet):

As for previous years, do not include any PFI schemes in the capital expenditure section unless your authority has economic ownership of the asset (i.e. benefits and risk). Economic ownership for national accounts purposes is determined by the same test as applies under UK accounting standards. The basis of that test was set out in Appendix E to the 2008 SORP, and depends on whether the local authority or the contractor has an asset of the property used to provide the contracted services. A party has an asset of the property where that party has access to the benefits of the property and exposure to the benefits of the property and exposure to the risks inherent in those benefits. Most PFI schemes involve the asset being controlled by the contractor until the end of the agreed period.

PFI schemes included in the statement of financial position are to be included in the COR4, lines 23 to 31.2, column 2 and line 33 onwards.

PFI schemes are to be shown at the value initially recognised in the statement of financial position. What we are looking for is the amount that has to be financed (equal to the liability).

GENERAL NOTES

1. The notes below provide instructions on completing the capital outturn (CO) returns.

Accruals basis

2. The return should be completed fully on an accruals basis (The Code of Practice on Local Authority Accounting in the UK (the 'Code') requires local authorities to show capital expenditure and receipts on an accruals basis in their published accounts.

Status of figures

3. To avoid delay in submitting returns, where figures based on audited financial accounts are not available in time to meet the deadline, authorities are asked to give their best estimates of capital outturn with an appropriate footnote explaining the situation. It is possible to provide updates at a later date if this is necessary.

Units

4. All the capital forms should be completed in pounds thousands. We are happy to receive figures to three decimal places if you prefer to record expenditure to the nearest pound.

References

5. References to Regulations refer to the Local Authorities (Capital Finance) Regulations 1997, as amended by [SI 1997 No 848](#), SIs 1998 Nos. [371](#), [602](#), [1937](#), SIs 1999 Nos. [501](#), [1852](#) and [SI 2000 No 589](#).

References to the 2003 Act refer to Part 1 of the [Local Government Act 2003](#); references to Regulations refer to the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, [SI 2003 No 3239 \(W319\)](#) as amended.

Returning instructions and enquiries

6. The returns are being distributed in spreadsheet format **only**. All authorities should complete a copy of the spreadsheet, which covers all the returns, and send it to either of the following email addresses:

LGFS.Transfer@gov.wales / YCLLL.Trosglwyddo@llyw.cymru

Please note that it is a Welsh Government audit requirement that all returns are fully populated with numeric data, using zero's where necessary, to help with this all blank cells have already been set to zero. This message is reinforced on the covering page of the returns.

7. Any problems encountered or enquiries on the notes for guidance should be reported to Frank Kelly (telephone: 03000 255673) or Bruce Anderson (telephone: 03000 259169).

THE FORMS

8. **COR1-2** collects information on capital expenditure and on capital receipts (income). Expenditure funded by regeneration resources (for example the Local Regeneration Fund) should be included in columns 1 to 8.
9. The definitions of the rows and columns on **COR1-2** are set out in **Annex A**. Certain expenditure and receipts (income) should be excluded from the **COR1-2**; these are set out at the end of **Annex A**.
10. **COR4** summarises the information on the **COR1-2**; collects information on the financing of capital expenditure; and requests some information on expenditure and receipts not collected on the **COR1-2**. Definitions of the **COR4** rows and columns are set out in **Annex B**.

1. EXPENDITURE (COLUMNS 1 to 9)

Entries shown in **COR1-2** include all expenditure that complies with Part 1 of the 2003 Act definition of capital expenditure.

Columns 1 to 4 include expenditure for capital purposes (relating to tangible assets) as defined in section 16(1) of the 2003 Act.

Exclude the cost of, and payments made under, credit arrangements.

Include in column 8 the initial cost of any credit arrangements for which credit cover will be required.

Exclude expenditure that will be financed by payments by health authorities to joint-funded schemes and expenditure on the acquisition of share or loan capital in any body corporate.

Columns 1 to 8 include expenditure that attracted grants under regeneration programmes such as the Local Regeneration Fund.

To avoid double counting of expenditure financed by such grant to partnerships, record expenditure as follows:

- authorities acting as accountable bodies for partnerships count money transferred to other non-local authority partners as expenditure;
- where the partner(s) is/are another local authority, the authority acting as accountable body **excludes** any payment to the partner and related grant from the form; the local authority receiving grant via the authority acting as accountable body records the grant and the expenditure financed by this grant on **COR4**.

2. Column 1 Acquisition of land and existing buildings

Include expenditure against the service for which the land is required for use rather than that appropriate to the powers used for acquisition.

Exclude interest on purchase money, except where it is in connection with slum clearance subsidy.

3. Column 2 New construction, conversion and renovation

Include wages and salaries (including the employer's share of national insurance and superannuation contributions) of employees engaged on direct labour schemes (for example the installation of equipment), and the cost of architectural, engineering and other services (including the authority's own professional staff) connected with these works and other overheads (including accommodation). Where there is difficulty in allocating this expenditure, a pro-rata apportionment over services is recommended.

Include expenditure on demolition and site clearance associated with, for example, the erection of bridges.

Include civil engineering works e.g. for the provision, laying or replacement of water mains and sewers, the laying or improvement of roads, the preparation of playing fields and hard playing areas, etc.

4. Column 3 Vehicles

Include acquisition, renewal or replacement of vehicles and vessels (including ships and aircraft).

Include acquisition of assets by trading operations within the authority.

5. Column 4 Plant machinery and equipment

Include acquisition, renewal or replacement of plant, machinery and equipment, including furniture and fitting, street lighting, road signs, traffic signals and related equipment, where the expenditure for these can be separately identified.

Include the acquisition of assets by trading operations within the authority.

Exclude the costs of **installation** of this machinery or equipment which should be included in column 2.

6. Column 5 Total expenditure on fixed assets (sum of columns 1 to 4)

Include salaries, etc. of professional staff charged to the capital account. These are allocated as appropriate to columns 1 to 4 by using estimates if actual figures are not available.

7. Column 6 Capital grants

Include all grants made for capital purposes as defined in section 20(1)(b) of the Local Authorities (capital Finance and Accounting (Wales) regulations 2003 (the regulations) e.g., for housing and industrial purposes).

8. Column 7 Capital advances

Include advances to registered social landlords (RSLs) in COR1-2, line 33.

Exclude staff car loans, which should be charged to a revenue account, or advances in the form of mortgages or loans in respect of council house purchases made under Part 1 of the Housing Act 1980 or section 104 of the Housing Act 1957 (now section 437 of the Housing Act 1985), but **include** other mortgages or loans covered by the HRA but **not** covered by housing acts in COR1-2, line 23.

9. Column 8 Intangible fixed assets

Covers the expenditure on intangible assets. This is to reflect the inclusion of intangible assets as a heading in the statement of financial position. **Include** software licences and other intangible assets which are required by the Code to be capitalised on the statement of financial position. Generally intangible assets are assets of value which do not have a physical shape e.g. purchased franchises, licences and patents. Please note that Goodwill should not be included.

Column 9 Total expenditure (sum of columns 5 to 8)

RECEIPTS (COLUMNS 10 TO 13)

The amounts shown on **COR1-2** should be the receipts credited to the capital account in the financial year. These are the actual receipts rather than the sums required to finance the expenditure shown on **COR1-2** columns 1 to 9.

11. Column 10 Sale of fixed assets

Include receipts in respect of the sale of any interest in a fixed asset if at the time of sale, expenditure on the acquisition of the asset would be expenditure for capital purposes, in accordance with section 6(1)(a) of the 2003 regulations [SI 2003 No 3239 \(W319\)](#). As a general rule, capital receipts arising from the sale of an asset should be shown as income of the service last using the asset. 'Leasing disposals' are no longer to be separately identified, but to be regarded as equivalent to the sale of a fixed asset.

Include cash sums received by way of premiums on the disposal, grant or assignment of leases and other capital interests as defined in section 9 of the 2003 Act.

Include receipts from the sale of intangible assets. This is to reflect the inclusion of intangible assets as a heading in the statement of financial position. Include software licences and other intangible assets that are required by the CODE to be capitalised on the statement of financial position. Generally intangible assets are assets of value which do not have a physical shape e.g. purchased franchises, licences and patents. Please note that Goodwill should not be included.

Include payments in respect of council house sales under the Right-to-Buy scheme in line 18, unless to finance the purchase, a mortgage or loan is provided under Part 1 of the Housing Act 1980 or section 437 of the Housing Act 1985. If this is the case, only **include** in this column any **initial deposits paid** (line 18), and any **premature** repayments of principal outstanding on sales of council dwellings (line 19.1).

Exclude any **regular** repayments of principal on sales of council dwellings, which should be recorded in column 11 (line 19.2).

12. Column 11 Repayments of capital advances and grants

Include repayment of advances and other financial assistance of a capital nature (as defined in section 6(1)(b) of the 2003 regulations [SI 2003 No 3239 \(W319\)](#)).

Include:

- Repayments of renovation grants;
- Regular and premature repayments of principal of loans to private persons;

- Regular and premature repayments of principal of loans to registered social landlords;
- Regular repayments of sums left outstanding on sales of council dwellings, where the purchase was financed by a mortgage under Part 1 of the Housing Act 1980 or section 104 of the Housing Act 1957 (now section 437 of the Housing Act 1985) (line 19.2).

Exclude:

- Initial deposits paid or premature repayments of principal outstanding on sales of council dwellings, where the purchase was financed by a mortgage under Part 1 of the Housing Act 1980 or section 104 of the Housing Act 1957 (now section 437 of the Housing Act 1985) which should be treated as a sale of a fixed asset;
- Receipts from health authorities for jointly funded schemes.

13. Column 13 Total capital receipts (sum of columns 10 to 11)**14. Column 14 Assets not funded by local authority capital expenditure**

Report against the appropriate service line, the estimated capital value of any asset brought into operation by the local authority in the reporting year where the local authority has incurred no capital expenditure in respect of that asset. Examples include the development of an asset as a result of a private finance initiative or the adoption of a school, road or other asset following a major private development.

Include only the value of the asset in the year in which it is brought into operation.

Exclude any assets covered by the capital expenditure recorded in columns 1 to 8.

15. EXPENDITURE/RECEIPTS (ROWS)**Lines 1 to 6 EDUCATION****School meals**

Expenditure and receipts from the acquisition or disposal of assets used for provision of school meals, including accommodation, should be shown as part of the expenditure/receipts on pre-primary and primary, secondary or special education as appropriate. Any educational payments for central kitchens or other provision that is not part of a school should be apportioned to the institutions serviced.

Line 3 Special education

- Include** all capital expenditure on special education - on special units in mainstream schools, as well as on special schools.
- When primary and secondary school premises are disposed of, no apportionment of the proceeds need be made, even if they contain special units: total receipts should be returned under line 1 or 2 as appropriate.

Line 5 Other educational services and continuing education

Include all capital expenditure and receipts related to administration and inspection, child guidance, community provision charged to education accounts, and other relevant services.

Line 7 Social services

Include capital expenditure incurred by the local authority towards joint financed schemes.

Include all capital expenditure on social services including that on IT equipment, vehicles, administration offices, aids and adaptations

Include capital expenditure and receipts on sheltered employment and workshops.

Exclude port health, this should be on line 56.

Where premises are provided for both educational and social services for children under five, only the expenditure/receipts attributable to social services are included on this line (include the cost attributable to educational services on line 1).

Lines 8 to 15 TRANSPORT**Line 8 Roads (including structural maintenance), street lighting and road safety****i. Exclude:**

- a) Private streets or other private works;
- b) Roads not chargeable to the highways account;
- c) Trunk roads (if recoverable), including the cost of participation in road construction units;
- d) All payments associated with central government highway schemes for which the construction costs reimbursed 100% from the Welsh Assembly Government;
- e) Amounts of interest capitalised that arise after an asset has opened for public use.

Include:

Any capital expenditure on trunk roads (other than administration) which is not reimbursable;
 Payments on highways repairs and maintenance where treated as capital in the authority's accounts;
 All other expenditure which is capitalised, including overheads and an appropriate allocation of central departments' charges;
 Any capitalised professional and technical service costs, plus relevant overheads and recharges.

- i. **Include** capital expenditure on substantial replacement and improvement of existing street lighting, as well as complete new systems. **Include** lighting in non-highways areas on line 55, community safety.

Line 8.1 New construction / improvement of roads

Include all capitalised expenditure. No attempt should be made to separate out the cost of maintenance elements included within improvement schemes; similarly no attempt should be made to separate out the cost of street lighting contained within new construction/improvement road schemes.

Include improvements at sites where there is a road safety problem.

Line 8.2 Structural maintenance – principal roads

Include all expenditure properly chargeable to capital in respect of principal roads, except maintenance element within improvement schemes.

Include all properly capitalised expenditure on reconstruction, overlay, resurfacing, patching, surface dressing, remedial earthworks, minor repairs, drainage, footways and cycle tracks, and fencing, walls and barriers. Resurfacing and other maintenance treatment at sites where there is a road safety problem, if properly chargeable to capital, are included.

Line 8.3 Structural maintenance – other roads

Include all capitalised highway maintenance expenditure on other local authority roads.

For detailed exceptions and inclusions, see line 8 above.

Line 8.4 Expenditure on bridges

Include all capitalised expenditure on the maintenance, assessment and strengthening of bridges and other structures. Structures include culverts (over 2m span), pedestrian subways, highway tunnels, noise barriers.

Line 8.5 Road safety improvements

Include capitalised expenditure on traffic calming and other local safety schemes.

Exclude expenditure on junction improvements, drainage and surface treatments which are included in lines 8.1, 8.2 or 8.3.

Line 8.6 Street lighting

Include capitalised cost of schemes related to the **installation** of street lighting columns. No attempt should be made to separate out the cost of the street lighting element within new construction/improvement road schemes.

Include the cost of **installation** of footway lighting alongside a carriageway. Footway lighting in non-highway areas should be excluded.

Line 9 Parking of vehicles (including car parks)

Include expenditure/receipts for off-street and on-street parking, car parks and parking meters. **Include** car-parking expenditure authorised by statutes other than the Highways Acts, e.g. car parks in National Parks in comprehensive development areas.

Include capital expenditure financed from a transfer from the Parking Meters Surplus Account as appropriate in columns 1 to 4.

Lines 10 and 11 Public passenger transport

- i. **Include** any direct capital expenditure by the authority on public passenger transport, which is entered in columns 1 to 4 as appropriate.
- ii. **Include** capital grants and advances, and capital contributions by the authority to transport operators in column 6 and column 7 as appropriate.

Line 12 Tolled road bridges, tunnels and ferries, public transport companies (PTC)

- a. Only payments on new capital works and expenditure involving some improvement to tolled bridges, tunnels and ferries are recorded here. Payments on repair, renewal and maintenance work is excluded.
- b. For public transport companies, only capital finance from the controlling authority is counted as public expenditure. This expenditure is recorded in column 6 or 7. Any repayments by PTCs are recorded in column 11.
- c. The gross amount of any expenditure for the acquisition of shares in an authority's public transport company are excluded from **COR1-2**. These payments are included in **COR4**, column 2.
- d. Capital receipts generated by the sale of an authority's shares in a PTC are excluded from **COR1-2**, but included in **COR4**, column 7, for disposals of share or loan capital.

Line 14 Airports

- i. Only the expenditure shown below is reported. No other expenditure by airport undertakings or companies is included as public expenditure. All such expenditure should be recorded at column 6 only.

For those airport undertakings which have transferred to companies, only capital finance from the controlling authority or private sources are recorded in column 6; columns 1 to 5 should not be completed.

For the remaining airport undertakings, only capital expenditure financed by borrowing is entered.

- ii. The gross amount of any expenditure for the acquisition of shares in an authority's airport company are excluded from **COR1-2**. Such expenditure is included in column 2 of **COR4**.

Lines 16 to 24 HOUSING REVENUE ACCOUNT (HRA)**Line 16 Acquisition / sale of land for HRA**

Include expenditure/receipts on the purchase/sale of land charged to the HRA.

Line 17 and 18 New building and purchase / sale of HRA dwellings

Include expenditure related to new building (consistent with the activities recorded on the LA_NEWBUILD) return (formerly WHO2), including fees, salaries and other associated expenditure.

Also **include** expenditure on the acquisition of dwellings for retention in the authority's own stock.

Include receipts in respect of council house sales under the Right-to-Buy scheme in line 18, unless to finance the purchase, a mortgage or loan is provided under Part 1 of the Housing Act 1980 or section 437 of the Housing Act 1985. If this is the case, it only **includes** any **initial deposits paid** in line 18.

Exclude any **premature** repayments in respect of principal outstanding on sales of council dwellings, which should be recorded in line 19.1, or any **regular** repayments of principal on sales of council dwellings, which should be recorded in line 19.2.

Lines 19.1 and 19.2 Premature and regular repayment of principal on mortgages or loans for council house purchase

Line 19.1 column 10, include receipts in respect of **premature** repayments of principal outstanding on the sale of council dwellings, where the purchases were financed by a mortgage under Part 1 of the Housing Act 1980 or section 437 of the Housing Act 1985. **Include** the whole amount repaid.

Line 19.2 column 11, include receipts in respect of **regular** repayments of principal on the sale of council dwellings, where the purchases were financed by a mortgage under Part 1 of the Housing Act 1980 or section 437 of the Housing Act 1985.

Lines 20 and 21 Improvement and repair of HRA dwellings

Include expenditure on conversions, improvement and capitalised repairs and maintenance of HRA dwellings and hostels and other payments; also public sector energy conservation works.

Line 20 **includes** expenditure on the repair of defects in Prefabricated Reinforced Concrete (PRC) dwellings.

Line 21 **includes** all other expenditure on these dwellings and on all other HRA dwellings.

Line 22 Low cost home ownership (HRA)

Include expenditure on building for sale on local authority land for shared ownership, improvement for sale, leasehold for elderly, homesteading, self-build and other LCHO schemes.

Lines 25 to 32 COUNCIL FUND HOUSING**Line 25 Environmental works in renewal areas**

Include expenditure consistent with that recorded on table 1 of the RENEWAL_AREA_ACTIVITY form.

Line 26 Group repair

Include expenditure consistent with that recorded on table 1 of the RENEWAL_AREA_ACTIVITY form.

Line 28 Low cost home ownership (Non-HRA)

Include expenditure on building for sale on local authority land for shared ownership; improvement for sale; leasehold for elderly; homesteading, self-build and other LCHO schemes.

Line 29 Other council fund housing

Include any housing expenditure on land and dwellings which is not part of the HRA and which is not shown elsewhere.

Line 30 Renovation grants

Include all mandatory and discretionary grants (Renovation, HMOs Common Parts, Disabled Facilities and Minor Works) paid under part VIII of the Local Government and Housing Act 1989.

Also **include** all mandatory and discretionary grants (Renovation, HMOs Common Parts, Disabled Facilities and Home Repair Assistance), paid under part I of the Housing Grants, Construction and Regeneration Act 1996. Figures for all Mandatory Disabled Facility grants to be consistent with those returned on the Disabled Facility Grants (DFG) return (formerly WHO6).

Line 31 Other grants

Include all Home Improvement Grants paid under the 1985 Act.

Also **include** payments for Reinstatement Grants for defective dwellings under part XVI of the Housing Act 1985.

Line 34 Lending to other borrowers

Include lending for house purchase and/or renovation.

Lines 37 to 40 LIBRARIES, CULTURE AND HERITAGE

Line 37 Libraries

Include expenditure and receipts in respect of public library services.

Exclude agency services for educational establishments, hospital authorities, prisons, etc.

Line 38 Museums and galleries

Include expenditure and receipts in respect of all museums and galleries with permanent or transient collections open to the public, museum services and grants to independent museums.

Include expenditure and receipts for premises housing archives and records.

Line 39 Arts activities and facilities (including theatres)

Include expenditure and receipts in respect of theatres, halls, arts centres etc., covering all local authorities' premises whose main purpose is for these described functions.

Lines 41 to 44 AGRICULTURE AND FISHERIES

Line 43 Other agriculture and fisheries (including statutory smallholdings and trading)

- i. **Include** only smallholdings administered under the Agriculture Act 1970.
- ii. **Include** harbours defined as fishery harbours by section 21 and schedule 4 of the Sea Fish Industry Act 1951.
Exclude other ports and harbours, these should be included in line 13, local authority ports and piers.
- iii. **Include** markets (horticulture and livestock) and slaughterhouses.

Lines 46 to 48 SPORT AND RECREATION

Line 46 Sports facilities

Include expenditure and receipts on sports halls and physical recreation centres; golf courses; playing fields and sports grounds; swimming pools and miscellaneous physical recreation facilities.

Line 47 Sports development and children's play

Include expenditure and receipts on play spaces, play/kick about areas; equipped playgrounds; play parks and centres; adventure playgrounds and play schemes.

Include grants and contributions to voluntary organisations for such purposes.

Exclude such facilities charged to the tenants account within the HRA and other similar education schemes.

Lines 49 to 60 OTHER ENVIRONMENTAL SERVICES

Line 49 Derelict land reclamation (grant aided)

Include only expenditure attracting derelict land grant. Any other reclamation payments should be reported in line 54, planning and development.

Line 50 Parks and open spaces

Include expenditure on national and country parks and other parks.

Include camping and caravan sites, picnic areas, beaches, bridle ways and footpaths.

Exclude expenditure on facilities such as tennis courts, even if they are located in parks, these should be shown in line 47, Sports development and children's play.

Line 51: Waste Collection

Include capital costs of waste collection, such as acquisition and maintenance of the waste collection carts.

Exclude capital costs arising from recycling and treatment of re-usable waste, which should be included under Recycling (line 52.2), and from trade waste, which should be included under Trade Waste (line 52.1).

Line 52 Waste Disposal

Include capital costs arising from waste disposal, excluding capital costs arising from recycling and treatment of re-usable waste, which should be included in line 52.2.

52.1 Trade Waste

Include the capital costs of collecting refuse from commercial properties.

52.2 Recycling

Include all the capital costs of collecting items separately for recycling (e.g.: doorstep collections or banks).

Exclude the costs of processing recycled waste except for those which are borne solely by the waste collection authority (WCA) and cannot be attributed to the waste disposal authority (WDA).

Include the costs of processing recyclable or compostable waste and the costs of material sorting (material recovery facilities – MRFs).

Include the costs of re-processing, where recyclables are used as secondary raw materials, and composting/organic reprocessing such as windrow composting, in-vessel composting or anaerobic digestion.

Include the cost of new recycling technologies.

52.3 Waste Minimisation

Include the capital costs of initiatives and actions to encourage the minimisation of waste through the reuse, exchange and shared use of goods.

Include any capital costs of initiatives to prevent/reduce waste through consumer purchasing.

Exclude capital costs of recycling, which should be included in line 52.2.

Exclude capital costs of any processes that take raw waste and following treatment reduce its volume, minimising the quantity of waste going to landfill. These capital costs should be included under Waste Disposal (line 52).

52.4 Climate Change Costs

Division of service for costs associated with the Climate Change Act 2008.

Line 53 General administration

Include expenditure on an authority's own properties, transportation, equipment and material generally, which cannot properly be set against some other specific service.

Line 54 Planning and development (including Gypsy sites)**Include:**

- Planning departments' payments on development control, including building regulations and planning implementation;
- Direct expenditure on conservation, environmental improvements, conversion and commercial development;
- Expenditure on Gypsy sites;
- Advances and grants for industrial and commercial enterprises and industrial development;
- Tourism.

Exclude expenditure in respect of industrial trading estates which are recorded on line 58, Industrial and commercial.

Line 55 Community Safety (crime reduction and safety services)

Include expenditure on community safety that cannot properly be set against some other specific service, e.g. including lighting in non-highway areas, general provision of safety railings etc.

Exclude expenditure that can be set against specific services which should be allocated accordingly, e.g. security doors at schools should be recorded in the appropriate education line.

Line 55.1 Community Safety (CCTV)

Include expenditure on CCTV that cannot properly be set against some other specific service.

Exclude expenditure that can be set against specific services which should be allocated accordingly, e.g. CCTV at schools should be recorded in the appropriate education line.

Line 56.1 Regulatory Services (Environmental Health) (incl. Clean Air Act and Port Health)

Include public conveniences, pest control, health and safety including asbestos removal, cemeteries, crematoria and mortuaries. Include noise pollution including 'action under the Environmental Protection Act 1990 dealing with noise as a statutory nuisance' and 'silencing alarms under Clean Neighbourhoods and Environment Act 2005 (costs of work in default which cannot be set as a charge against the property under this legislation)', and 'dealing with noise construction sites and noise in the street. Expenditure under the Food and Drugs Acts should not be included here but in Regulatory Services (Trading Standards) (line 56.2).

Line 56.2 Regulatory Services (Trading Standards)

Include expenditure and receipts under the Food and Drugs Acts.

Line 57 Miscellaneous

Include allotments and private street work (capital transactions only); community centres and holding accounts.

Payments are limited to matters of small financial importance which are not provided for elsewhere on the capital forms.

Line 58 Industrial and commercial

Include all expenditure/receipts in respect of industrial estates, **except** the cost of industrial offices and related expenses (these are included in planning and development (line 54)).

Include corporate property.

Only **included** here are transactions under section 2 of the Local Authorities (Land) Act 1963, and comparable local act provisions, if it is not possible to include them against specific services, e.g. Education, Highways or Parks.

Line 59 Other trading services

Include expenditure/receipts associated with Direct Labour and Service Organisations.

Include civic halls and catering, retail markets (other than exclusively horticultural and livestock markets, which are included in line 43). Theatres are included in line 39. Slaughterhouses are included in line 43. Local authority ports and piers and airports are included in lines 13 and 14 respectively.

Exclusions:**Exclude from COR1-2:**

- a. Total expenditure treated as capital expenditure by virtue of a section 16(2) direction and amounts set aside in respect of notional in-year capital receipts and LSVT levy - these should be recorded on **COR4**;
- b. The acquisition and disposal of share or loan capital and disposal of other investments - these should, where appropriate, be shown on **COR4**;
- c. The cost of work executed by a local authority as the agent of a Government department or a public utility as well as the receipt of monies to fund this expenditure;
- d. All payments associated with central government highway schemes (i.e.: motorways, and some trunk roads) for which the construction costs are reimbursed 100% from the Welsh Government;
- e. Expenditure on any grant or advance to the owner of a historic building insofar as it is met by a grant or advance from the Welsh Assembly Government under Section 4 or 6 of the Historic Buildings and Ancient Monuments Act 1953 or Section 10 or 10B of the Town and Country Planning (Amendment) Act 1972;
- f. Amounts of capitalised interest that arise after an asset is completed or open for public use, e.g. capitalised interest on tolled bridges and tunnels;
- g. The appropriation of a capital asset from one service to another as this does not involve the local authority in any capital loss or capital gain;
- h. The transfer of capital cash from one service to another, (this should **not** be recorded as expenditure on one service and a receipt for the other);
- i. Expenditure or receipts that are for approved investments;
- j. That part of a receipt applied in defraying the administrative costs of, and incidental to, the disposal of housing under the right to buy or the disposal of land or housing held under Part II of the Housing Act 1985 (section 18(6) of the 2003 regulations [SI 2003 No 3239 \(W319\)](#)).
- k. Advances in the form of mortgages or loans in respect of council house purchases made under Part 1 of the Housing Act 1980 or section 437 of the Housing Act 1985.
- l. That part of a capital receipt which is payable to a Minister of the Crown arising in respect of an asset, investment, grant or other financial assistance originally acquired or made with the assistance of Exchequer grant or contribution.

EXPENDITURE, RECEIPTS AND OTHER TRANSACTIONS

Column 1 is brought forward automatically from COR1-2

1. Column 2 Acquisition of share or loan capital

Expenditure in this column should **not** have been included in any columns on **COR1-2**.

Include expenditure on the acquisition of share or loan capital in any body corporate.

2. Column 4 and line 13 Expenditure treated as capital expenditure by virtue of a section 16(2) direction of the 2003 Act.

Expenditure in column 4 is **excluded** from any columns on **COR1-2**.

Include expenditure which does not fall within the definition of expenditure for capital purposes, but which has been treated as such expenditure by a direction made under section 16(2) of the 2003 Act.

Include any amounts required to be repaid to a Minister of the Crown or Community Institution which was capital expenditure as defined by Regulation 5 of the Local Authorities (Capital Finance) Regulations 1997. The total of lines 1 to 11 will automatically be carried forward to line 13.

3. Line 14 Large Scale Voluntary Transfer (LSVT) levy

These amounts should **not** have been included in any columns on **COR1-2**.

Include amounts paid towards the LSVT Levy and amounts paid towards the deferred levy from 'Right to Buy' sale agreements. 2003 Act [SI 2003 No 3239 \(W319\)](#).

4. Column 7 Disposal of share or loan capital

Receipts in this column should **not** have been included in any columns on **COR1-2**.

Include receipts on the disposal of those investments which were taken on for the prudent management of a Local Authorities financial affairs under section 12b of the 2003 Act and regulation 20(5).

FINANCING OF CAPITAL EXPENDITURE AND CAPITAL ACCOUNT SUMMARY

All figures given in this section of the form should be consistent with Prudential Indicators.

1. Column 2 On-Balance sheet PFI Financing

Include any additional financing related to PFI expenditure that is included in the statement of financial position according to IFRS guidelines.

Exclude any column 1 financing.

Line 19 Total capital expenditure

This cell will automatically be populated with the figure given on line 15, column 3 of this form.

A definition of 'capital expenditure' is given in section 16(1) of the 2003 Act. The Welsh Government has used its powers under section 16(2) of the Act to define certain other items as capital expenditure, these items as set out in the 2003 Regulations as amended should also be included. References to section 16 of the 2003 Act include those items defined as capital expenditure by regulation or direction. This amount should include the cost of entering into or varying credit arrangements, as defined in Section 8 of the 2003 Act and the 2003 Regulations.

Lines 20 to 22 In-year capital receipts

These figures will automatically be populated with figures given on **COR1-2**.

Include all capital receipts received in-year. A definition of 'capital receipts' is given in sections 9 and 10 of the 2003 Act. The Welsh Government has used its powers in section 9(3) and 10 to specify certain items as capital receipts. These definitions are included in the 2003 Regulations and any reference to a capital receipt includes these definitions. Regulation 18(3) of the 2003 Regulations requires that capital receipts received in relation to Housing Revenue Account functions should be only used for Housing Revenue Account (HRA) purposes after 1 April 2004. Thus, line 20 and 21 requires a split of in-year capital receipts for HRA and non-HRA purposes.

RESOURCES TO BE USED TO FINANCE CAPITAL EXPENDITURE

Line 23 Capital grants from the Welsh Assembly Government and other UK government departments

Include all expenditure reimbursed by capital grants (general and specific) from the Welsh Government and other central government departments. Where only part of the expenditure is reimbursed (e.g. if the grant rate is less than 100%) then include only that part of expenditure which is reimbursed by capital grant or other money provided.

Exclude capital expenditure financed by the Major Repairs Allowance (MRA), which are included in line 27.

Line 25 Capital grants and contributions from other sources

Include grants and contributions from private developers but exclude payments in respect of social housing grant.

Exclude contributions to capital expenditure from revenue accounts.

Include expenditure to be met by contributions from private developers, but exclude the costs of assets provided entirely by private developers.

Include leaseholder contributions made specifically towards the cost of capital works on the premises of which the leaseholder's property forms part.

Include grants and contributions from Welsh Government sponsored public bodies/non-departmental public bodies such as: The Sports Council, Arts Council, Museums and Galleries Commission and The Countryside Council for Wales.

Include any National Lottery funding.

Exclude payments by health authorities to jointly funded capital schemes.

Line 26 Use of capital receipts

Include the total amount of capital receipts used during the year to finance capital expenditure as defined by section 9 and 10 of the 2003 Act.

Line 27 Major Repairs Allowance (MRA)

Include the amount of MRA which financed HRA capital expenditure in the year.

Line 28 Capital expenditure charged to revenue account (non-HRA)

Include:

- Monies charged to or drawn from a revenue account but used to pay for capital expenditure. The Major Repairs Allowance is shown on a separate line to other HRA revenue contributions to capital expenditure (see line 27).
- Any capital expenditure met from revenue reserves, i.e. any reserves created from revenue sources.

Note that this figure should be consistent with (i.e. no less than) the corresponding figure of the revenue outturn return in respect of capital expenditure charged to the **revenue account (non-HRA)**.

Line 29 Capital expenditure charged to a revenue account (HRA)

Include monies charged to or drawn from a revenue account but used to pay for capital expenditure. Report figures separately for the HRA and non-HRA (see line 28). The Major Repairs Allowance is shown on a separate line to other HRA revenue contributions to capital expenditure (see line 27).

Line 30.1: Borrowing and credit arrangements that attract central government support (non-HRA)

Exclude borrowing to finance expenditure relating to LGBTI programmes for roads and 21st Century Schools.

and

Line 30.2: Borrowing and credit arrangements that attract central government support (HRA)

Include all unhypothecated supported borrowing (i.e. general capital fund) to be used in the year to finance capital expenditure. **Include** the financing of assets through borrowing or qualifying credit arrangements which are credit arrangements as per sections 7 and 8 of the 2003 Act, i.e. those for which proper practice requires the recognition of a non-current asset.

Line 31.1: Other borrowing and credit arrangements (non-HRA)

Include borrowing to finance expenditure relating to LGBTI programmes for roads and 21st Century Schools.

and

Line 31.2: Other borrowing and credit arrangements (HRA)

Any borrowing used to finance capital expenditure over and above the amount of unhypothecated supported borrowing provided by the Welsh Government. This also **includes** qualifying credit arrangements which are not being financed by unhypothecated supported borrowing.

Line 32 Total resources to be used to finance capital expenditure

This is calculated as the sum of lines 23 to 31 and should equal line 19.

CAPITAL FINANCING REQUIREMENT

Line 33 Capital financing requirement as at 1 April

The authority's best estimate of the capital financing requirement as at the beginning of the year as defined in paragraph 66 of the CIPFA Prudential Code 2nd Edition.

Line 34 Capital expenditure resourced by means of credit

The sum of lines 30 and 31 and equal to the amount of capital expenditure resourced by means of borrowing or other credit arrangements, irrespective of whether that expenditure attracts central government support or not.

Line 35 Minimum Revenue Provision & voluntary contributions

Include:

Expected Minimum Revenue Provision (MRP) as required by Regulation 21 of the 2003 Regulations;
 Any additional voluntary contributions under Regulation 21(b);
 Any capital receipts used to repay principal of any amount borrowed or to meet any liability in respect of credit arrangements, as authorised in Regulation 18(2)(b) and 18(2)(c);
 Any amount of Minimum Revenue Provision (MRP) required by the (Wales) General Determination of the Item 8 Credit and Item 8 Debit.

Line 36 Change in capital financing requirement

This is calculated as line 34 less line 35.

Line 37 Capital financing requirement as at 31 March

The authority's best estimate of the capital financing requirement as at the end of each year as defined in paragraph 58 of the CIPFA Prudential Code 2nd Edition and calculated as line 33 (capital financing requirement at 1 April) plus line 36 (change in capital financing requirement).

BORROWING, CREDIT AND INVESTMENTS AT START OF YEAR

Line 38 Gross borrowing as at start of year

The authority's best estimate of the likely opening balance for actual gross borrowing as at 1 April as described in paragraph 58 of the CIPFA Prudential Code 2nd Edition. 'Borrowing' is as defined in paragraph 64 of the CIPFA Prudential Code 2nd Edition.

Exclude borrowing incurred by local authority companies. This is recorded in the memorandum item at the end of the form.

Line 39 Other long-term liabilities as at start of year

The authority's opening balance for other long-term liabilities as at 1 April as described in paragraph 58 of the CIPFA Prudential Code 2nd Edition. 'Other long-term liabilities' is as defined in paragraph 72 of the CIPFA Prudential Code 2nd Edition.

Exclude other long-term liabilities of local authority companies. This is recorded in the memorandum item at the end of the form.

Line 40 Investments as at 1 April

The authority's opening level of investments as at 1 April, where 'investments' is as defined in paragraph 69 of the CIPFA Prudential Code 2nd Edition.

BORROWING, CREDIT AND INVESTMENTS AT END OF YEAR

Line 41 Gross borrowing as at year end

The authority's closing balance for actual gross borrowing as at 31 March as described in paragraph 58 of the CIPFA Prudential Code 2nd Edition. 'Borrowing' is as defined in paragraph 64 of the CIPFA Prudential Code 2nd Edition.

Exclude borrowing incurred by local authority companies. This is recorded in the memorandum item at the end of the form.

Line 42 Other long-term liabilities as at year end

The authority's closing balance for other long-term liabilities as at 31 March as described in paragraph 58 of the CIPFA Prudential Code 2nd Edition. 'Other long-term liabilities' is as defined in paragraph 72 of the CIPFA Prudential Code 2nd Edition.

Exclude other long-term liabilities of local authority companies. This is recorded in the memorandum item at the end of the form.

Line 43 Investments as at year end

The authority's closing level of investments as at 31 March, where 'investments' is as defined in paragraph 69 of the CIPFA Prudential Code 2nd Edition.

OPERATIONAL BOUNDARY AND AUTHORISED LIMIT

Lines 44 and 46 Operational boundary for external debt at start and end of year

These should be the authority's operational boundary for external debt that it had in place at 1 April and 31 March respectively, as defined in paragraph 54 of the CIPFA Prudential Code 2nd Edition. Further guidance can be found in paragraphs 26 and 55-56 of the Prudential Code 2nd Edition.

These figures should be less than or equal to the respective figures for the authorised limit given in line 45 and 47.

They should normally be greater than or equal to (1) the sum of lines 38 and 39 i.e. borrowing and long-term liabilities at start of the year and (2) the sum of lines 41 and 42 i.e. borrowing and long-term liabilities at the end of the year, respectively.

Lines 45 and 47 Authorised limit for external debt at start and end of year

This should be the authority's authorised limit for external debt that it had in place on 1 April and 31 March respectively, as defined in paragraph 53 of the CIPFA Prudential Code 2nd Edition.

The figures included here should be greater than or equal to the figures for the operational boundary given in line 44 and 46.

MEMORANDUM ITEM ON ADDITIONAL LIABILITIES OF LOCAL AUTHORITY COMPANIES**Lines 48 and 49 Gross borrowing and other long-term liabilities**

(**Note** – these should **not** have been included in lines 38, 39, 41 and 42 above).

Include borrowing and other long-term liabilities of Local Authority companies which would be regulated companies under the Local Authorities (Companies) Order 1995 (SI 1995/849 as amended), or subject to the Public Airport Companies (Capital Finance) Order 1996 (SI 1996/604 as amended), as if those orders had remained in force.

Borrowing and other long term liabilities are as defined in paragraphs 64 and 72 of the CIPFA Prudential Code 2nd Edition.

Local authority companies are those companies which are, or are to be, included in the authority's group accounts as subsidiaries or joint ventures. Definitions of subsidiary and joint venture are set out in the CIPFA/LASAAC '*Code of Practice on Local Authority Accounting in the United Kingdom*: (the 'Code').

Nothing should be entered in respect of associates included in the group accounts.

Lines 50 to 52, See note to line 25.

Lines 54 and 54.

This data has been added to support the development of Housing Revenue Account Subsidy reforms.

Line 56 Amount included in line 31.1 relating to LGBI

The Authority's figures for the LGBI for highways' improvements.

Line 57 Amount included in line 31.1 relating to 21st Century Schools

The Authority's figures for borrowing for 21st Century Schools programme.

Agency arrangements

In the case of agency arrangements, the authority holding the resource cover includes the expenditure on their forms.

When an authority undertakes work on behalf of another authority, **only** the **sponsoring** authority shows the details on their return.

All expenditure incurred under agency arrangements is shown as if it were any ordinary expenditure by the authority (i.e. in the appropriate columns on **COR1-2** and **COR4**), and is included with any other expenditure incurred by the authority.

1. In-and-out arrangements, acquire/build for sale, build under licence, works before sale

Transactions to which Regulations 96 to 99 and 103 apply should be treated on the COR1-2 forms in a similar fashion to other capital transactions, i.e. gross expenditure/receipts should be recorded on **COR1-2** as and when incurred/received.

2. Derelict land grant (DLG)

If an authority enhances land using DLG resources and then sells the land, part of the proceeds of the sale may be required to be repaid. The authority's expenditure on the enhancement should be shown on **COR1-2**, line 49, if met from DLG resources, or on an appropriate service line if met from the authority's own resources. However, the capital receipt from the sale should be treated as net of the repayment of DLG and recorded on an appropriate service line on **COR1-2**.

In the exceptional case where the repayment of DLG happens in the financial year after the receipt, the receipt should initially be shown as the gross amount and the repayment shown as a negative capital receipt in the following year.