

---

## EXPLANATORY NOTE

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

These Regulations make provision in relation to the investments which a local authority in Scotland may make. The Regulations are made under sections 40 and 58 of the Local Government in Scotland Act 2003.

Regulation 2 provides that a local authority may invest money only with the consent of the Scottish Ministers.

Regulation 3 refers to the documents which have effect for the purposes of regulating investments, in addition to the requirements of the consent. Local authorities must have regard to the two documents specified in regulation 3(2). Copies of those documents are available to local authorities through the Chartered Institute of Public Finance and Accountancy.

Regulation 4 disapplies the operation of the Trustee Investments Act 1961 so far as it relates to local authority investment of money. However, it does not affect the operation of that Act in the case of any other enactment which has applied or attracted it (see, for example, the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 1998 (S.I. 1998/2888)).

Regulation 5 amends section 56 of the Local Government (Scotland) Act 1973 to the effect that the approval by a local authority of any annual investment strategy or annual investment report, as required by any consent issued by Scottish Ministers, must be discharged by the authority itself and cannot, for example, be delegated to a committee or sub-committee of the authority or to any officer of the authority.

Regulation 6 amends the Local Government (Scotland) Act 1975 so that monies held in a local authority capital fund, repair and renewal fund or insurance fund may be invested in accordance with these Regulations.

Regulations 7 and 8 make similar amendment to the Zetland County Council Act 1974 and the Orkney County Council Act 1974 so that monies held in harbour reserve funds may be invested in accordance with these Regulations.