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DRAFT SCOTTISH STATUTORY INSTRUMENTS

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**2016 No.**

The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016

PART 2

Borrowing by local authorities

**Security for money borrowed**

7.—(1) All money borrowed by a local authority (whether before or after the coming into force of these Regulations), together with any interest on the money borrowed, must be secured on all the revenues of the authority and may not be secured in any other way.

(2) For the purposes of paragraph (1), “revenues” does not include revenues of—

- (a) a superannuation fund which the local authority is required to keep by virtue of the Superannuation Act 1972(1);
- (b) a pension fund which the local authority is required to keep by virtue of the Public Service Pensions Act 2013(2);
- (c) a trust fund of which the authority is a trustee;
- (d) a common good fund.

(3) A local authority must not mortgage or charge any of its property as security for money it has borrowed.

(4) All securities for borrowing created by a local authority are to rank equally without any priority.

(5) Any security granted in breach of this regulation is unenforceable.