



# Local Government (Scotland) Act 1947

## 1947 CHAPTER 43

### PART XII

#### BORROWING BY LOCAL AUTHORITIES.

##### *Repayment of Money Borrowed by Local Authorities.*

#### **265 Sinking fund for repayment of borrowed money.**

- (1) If a local authority determine to repay by means of a sinking fund any sum borrowed by them, the sinking fund shall be formed and maintained either—
- (a) by payment to the fund throughout the period fixed for the repayment of the sum borrowed of such equal annual sums as will be sufficient to pay off within that period the sum for the repayment of which the fund is formed; or
  - (b) by payment to the fund throughout the fixed period of such equal annual sums as with accumulations at a rate not exceeding the rate prescribed by the Secretary of State or such other rate as he may in any particular case approve will be sufficient to repay within that period the sum for the repayment of which the fund is formed.

In this Part of this Act a sinking fund formed under paragraph (a) of this subsection is referred to as a "non-accumulating sinking fund," and a sinking fund formed under paragraph (b) thereof as an "accumulating sinking fund."

- (2) Every sum paid to a sinking fund shall, unless applied in repayment of the sum for the repayment of which the sinking fund is formed or in such other manner as may be authorised by this Act or any other enactment, be immediately invested in trustee securities and the authority may from time to time vary and transpose the investments.
- (3) The interest received in any year from the investment of the sums paid into the sinking fund shall form part of the revenue for that year of the local authority, but in the case of an accumulating sinking fund the contribution to be made by the authority to the sinking fund shall in that year be increased by a sum equal to the interest which would have accrued to the sinking fund during that year if interest had been accumulated

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therein at the rate per centum per annum on which the annual payments to the sinking fund are based.

- (4) A local authority may at any time apply the whole or any part of a sinking fund in or towards the discharge of the sum for the repayment of which the sinking fund was formed:

Provided that in the case of an accumulating sinking fund the authority shall continue to pay into the fund each year and accumulate during the remainder of the fixed period a sum equal to the interest which would have been produced by such sinking fund or part thereof so applied if invested at the rate per centum per annum on which the annual payments to the sinking fund are based.

- (5) Any surplus of a sinking fund remaining after the discharge of the whole of the sum for the repayment of which it was formed shall be applied with the sanction of the Secretary of State in the repayment of debt or otherwise for any other purpose for which capital money may properly be applied.
- (6) This section shall apply to a sinking fund established by a local authority under any other enactment or any statutory order for the repayment of money borrowed by them in like manner as it applies to a sinking fund established under this Part of this Act according as the sinking fund is a non-accumulating or an accumulating sinking fund.