



**AGENDA ITEM**

**6**

**REFERRAL FROM  
EXECUTIVE - TREASURY  
MANAGEMENT STRATEGY  
2016/17**

FALKIRK COUNCIL

**Subject: REFERRAL FROM EXECUTIVE - TREASURY MANAGEMENT STRATEGY 2016/17**  
**Meeting: FALKIRK COUNCIL**  
**Date: 11 MAY 2016**  
**Author: DIRECTOR OF CORPORATE AND HOUSING SERVICES**

**1. INTRODUCTION**

- 1.1 The Code of Practice for Treasury Management requires that an Annual Strategy Report is considered by Council.

**2. TREASURY MANAGEMENT STRATEGY 2016/17**

- 2.1 The Executive, at its meeting on 15 March 2016, considered the Council's Treasury Management Strategy for 2016/17 and agreed to refer the report to Council for consideration and to recommend that Council:-
- (i) adopts the Borrowing Strategy for 2016/17;
  - (ii) adopts the Investment Strategy for 2016/17 and approves the list of "Permitted Investments", and
  - (iii) approves the Treasury Indicators.
- 2.2 The report considered by the Executive is appended to this report.

**3. RECOMMENDATION**

- 3.1 That Council:-
- i) adopts the Borrowing Strategy for 2016/17;
  - ii) adopts the Investment Strategy for 2016/17 and approves the list of "Permitted Investments", and
  - iii) approves the Treasury Indicators.

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**DIRECTOR OF CORPORATE AND HOUSING SERVICES**  
**Date: 29 April 2016**  
**Ref: AAA110516 – Treasury Management Strategy Contact**  
**Officer: Jack Frawley (Tel: 01324 506116)**

**LIST OF BACKGROUND PAPERS**

Nil

**FALKIRK COUNCIL**

**Subject: TREASURY MANAGEMENT STRATEGY 2016/17**  
**Meeting: EXECUTIVE**  
**Date: 15 March 2016**  
**Author: DIRECTOR OF CORPORATE & HOUSING SERVICES**

**1. INTRODUCTION**

- 1.1 The Code of Practice for Treasury Management requires that an Annual Strategy Report be prepared and submitted to the Executive for consideration prior to being recommended to Council for approval. This strategy outlines the framework for the expected treasury activities for 2016/17.

**2. ECONOMIC AND INTEREST RATE OUTLOOK**

- 2.1 In an effort to improve growth in the Eurozone, the ECB embarked on a 1.1 trillion Euro programme of quantitative easing in January 2015. The initial expectation was that this programme would run until September 2016, however, this has now been revised to March 2017. The indications so far are that there has been a limited positive change in economic growth and there is speculation that the monetary easing policy will need to be increased in order to see a significant improvement in growth.
- 2.2 In terms of the sovereign debt crisis, Greece agreed a third bailout package in July 2015. The bailout package was agreed on the basis that a number of austerity measures would be put in place. There are, however, major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and as such a Greek exit from the Euro may only have been delayed by this latest bailout. Recent elections in both Portugal and Spain have seen previous pro-austerity political parties lose their majority seats leading to nervousness in the Eurozone in terms of future bailouts.
- 2.3 The USA, following a run of a strong monthly increase in non-farm payroll figures increased interest rates by 0.25% at the December 2015 meeting of the Federal Reserve Committee. This was the first increase in rates since 2006 and indications are that further increases will be at a slower rate and possibly as far out as the end of 2016. In terms of China, growth for 2015 dropped to 6.9% (7.3% in 2014), marking its slowest growth in 25 years. However, the Chinese government has been very active at the start of 2016 in implementing measures such as ramping up investment, to try and ensure that the economy reaches the growth target of 7%+ in 2016.

- 2.4 UK GDP growth for 2015 was 2.2%, a reduction of 0.7% on the 2014 figure. The Bank of England's current inflation report forecasts that growth will remain at around 2.2% to 2.4% over the next three years. However, to achieve this, the economy has to move away from dependence on consumer expenditure and the housing market with more focus on manufacturing and investment expenditure. Unemployment has fallen to 5.1% in the UK whilst inflation is currently standing at 0.2% and is expected to be around 1% by the end of 2016. Only towards the latter part of 2017 is it thought that it will get close to the 2% target rate. It was noted in the Treasury Management Interim Report 2015/16 that it was expected that the Bank Base Rate would remain low at c0.5% until as far out as June 2016, however this increase in rates is now not expected until March 2017.
- 2.5 Albeit Public Works Loan Board (PWLb) rates have been volatile, in the longer term, it is expected that gilt yields and therefore PWLB rates will rise, as shown in the table below. This information has been provided by Capita Asset Services, the Council's Treasury advisers.

Annual Average %	Bank Rate	MONEY RATES		PWLb RATES			
		3 Months	1Yr	5Yr	10Yr	25Yr	50Yr
2015/16	0.5	0.4	0.9	2.1	2.7	3.4	3.3
2016/17	0.5	0.6	1.1	2.1	2.6	3.3	3.2
2017/18	0.9	1.1	1.6	2.5	3.0	3.6	3.4
2018/19	1.4	1.6	2.1	3.0	3.5	3.8	3.7

### 3. DEBT OUTSTANDING AT 01/04/16

- 3.1 The Council's estimated debt position at 01/04/16 is:

	<u>£m</u>	<u>% of Total Debt</u>
LONGER TERM FUNDING		
- Maturing loans in 2016/17	-	-
- Loans with Maturity > 1 year	<u>212.6</u>	88.0%
	212.6	
SHORT TERM FUNDING	<u>29.0</u>	<u>12.0%</u>
TOTAL ESTIMATED DEBT	<u>241.6</u>	<u>100.0%</u>

### 4. LONGER TERM BORROWING REQUIREMENT 2016/17

- 4.1 The expected longer term borrowing requirement for 2016/17 is £62.0m, as set out below:

	<u>£m</u>
Capital Programme (net of capital receipts)	46.5
Service Payments	(13.5)
Replacement of Short-Term Borrowing	<u>29.0</u>
TOTAL LONGER TERM BORROWING REQUIREMENT	<u>62.0</u>

- 4.2 The above figure includes £4.3m borrowing for TIF projects. The total project costs equate to £5.1m with £0.8m being funded by non-domestic rate income and the balance by borrowing.
- 4.3 The replacement of short term borrowing shown in the table above refers to £29m of short term debt that matures in 2016/17. These loans may be replaced on a short term or long term basis depending on cash flow requirements and prevailing interest rates.
- 4.4 It should be noted that there is potential for Market Loans up to the value of £26m to be repaid during the year should any of the lenders invoke a rate change clause as per their individual contracts. Given the current level of interest rates, the risk of early repayment of any of the loans is assessed as low.
- 4.5 The Council's main source for longer term funding remains the PWLB from which it can access all of its borrowing requirement or alternatively funding can be accessed through the London Money Market. The PWLB has extended the "PWLB Certainty Rate" by a further year. This facility enables local authorities to access discounted PWLB borrowing. Falkirk Council's application for this facility has been approved. The Council will also consider loans from other banks and financial institutions if more advantageous terms can be secured.

## **5. BORROWING STRATEGY**

- 5.1 There remains uncertainty over the timing of future interest rate increases but it is anticipated that the trends in both short term and longer term interest rates, as outlined in paragraph 2.5, are considered to be the most probable outcome.
- 5.2 The longer term borrowing requirement is c£62m. The next few years indicate a significant interest rate differential in favour of short term rates, however, the complete range of borrowing periods will be reviewed as we need to borrow.

## **6. INVESTMENT STRATEGY**

- 6.1 The regulatory framework provides greater autonomy for local authorities but makes clear that the onus is on local authorities to act prudently with regard to their investment and treasury management activities. The primary objectives of the Council's investment strategy is first and foremost to ensure timeous and full repayment of principal and interest, then securing adequate liquidity of funds invested and finally optimising investment returns consistent with those counterparty risks.

- 6.2 The Strategy Report provides details of the counterparties that the Council engages with in terms of its investments (See Appendix 2). In order to assess counterparty risk prior to investing, the Council makes use of credit rating information for specific institutions as published by the three credit rating agencies, Fitch, Moody's and Standard and Poors. Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The lending criteria for 2016/17 has been reviewed to ensure it is robust enough to enable the Council to manage its investments effectively.
- 6.3 It is estimated that the Council will have on average £5m of surplus funds available for investment from time to time during 2016/17.
- 6.4 The Local Government Investments (Scotland) Regulations 2010 requires Council approval of all the types of investments, known as "Permitted Investments", to be used and set limits, where appropriate, for the amount and period that can be held in each type of investment.
- 6.5 The Permitted Investments which may be used in the forthcoming year are:
- CASH TYPE INSTRUMENTS
    - Deposits with other local authorities
    - Deposits with UK Government including Deposits with the Debt Management Account Facility (DMADF), treasury bills and gilts
    - Instant Access or On-Notice deposit accounts with financial institutions (banks and building societies)
    - Term deposits with financial institutions (banks and building societies)
    - Money Market Funds
  - OTHER INVESTMENTS
    - Investment Properties (none currently held by the Council)
    - Shareholdings in a local authority company (refer Appendix 1)
    - Loans to third parties, including soft loans (refer Appendix 3)
    - Loans to a local authority company (none currently held by the Council)
    - Non-local authority shareholdings (refer to Appendix 1)
- 6.6 The Investment Regulations also require the investment position of the Common Good fund(s) to be made explicit. Surplus funds are invested in the Council's loans fund on which interest is earned. There is also a property asset (Kilns House) which attracts a rental yield.
- 6.7 Details, as appropriate, of the risks, mitigating controls and limits associated with each of the Permitted Investments are attached at Appendix 1.

- 6.8 For permitted cash type investments, the Council maintains a counterparty list in compliance with the relevant counterparty selection criteria. Appropriate extracts from the Council's Treasury Management Practices (TMPs) are attached for Members' information at Appendix 2.
- 6.9 The Regulations make clear that the Council must not borrow more, or in advance of its capital financing requirement as determined under the Prudential Code purely to profit from the investment of the extra sums borrowed. It is confirmed that the Council has no plans to borrow in advance of need in the forthcoming financial year.
- 6.10 Members were previously advised that the Clydesdale Bank was to be sold off by National Australia Bank (NAB). The bank has now been demerged from NAB and operationally is deemed to be standalone by the ratings agency. NAB will however continue to support Clydesdale's credit worthiness over the next 18-24 months. We will continue to liaise with our Treasury advisers as to any potential impact on the Council and will report back to Members in due course.

## 7. TREASURY INDICATORS

- 7.1 The Code requires that a number of treasury indicators are incorporated within this Strategy Report. The purpose of the indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates.
- 7.2 Members are asked to approve the undernoted Treasury indicators:

	2016/17 Upper	2017/18 Upper	2018/19 Upper
<b>1) INTEREST RATE EXPOSURE</b>			
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	40%	40%	40%
<b>2) MATURITY STRUCTURE ON FIXED INTEREST RATE BORROWING 2016/17</b>			
	<b>LOWER</b>	<b>UPPER</b>	
	%	%	
Under 12 months	0	30	
12 months – 2 years	0	30	
2 years – 5 years	0	50	
5 years – 10 years	0	75	
10 years – 20 years	0	75	
20 years – 30 years	0	75	
30 years – 40 years	0	75	
40 years – 50 years	0	75	
<b>3) MAXIMUM PRINCIPAL SUMS INVESTED &gt; 364 DAYS</b>			
The Council does not envisage having sums available for investment for periods longer than 364 days.			

## **8. TREASURY MANAGEMENT ADVISERS**

8.1 The Council has appointed Capita Asset Services as its treasury management advisers. The contract is subject to regular review and comprises:

- Technical support on treasury and capital finance issues
- Economic and interest rate analysis
- Advice on debt rescheduling
- Borrowing and investment advice on interest rates, timing and financial instruments
- Credit ratings/market information service accessing the three main credit rating agencies

8.2 It is important to recognise under the terms of the revised Code, that regardless of the input from Capita, the final decision on treasury matters always rests with the Council.

8.3 The Council's current two year contract with Capita Asset Services expires on 31 March 2017.

## **9. LOANS FUND REVIEW**

9.1 The 2015/16 interim Strategy report advised Members that the Scottish Government is undertaking a review of local authority borrowing with the emphasis on the current borrowing regulations as they affect the repayment of loans fund advances. Scottish Government issued a consultation document to all Councils for completion by 31 December 2015. We await the outcome of this consultation and will report back to Members in due course.

## **10. SCRUTINY AND MEMBER/OFFICER TRAINING**

10.1 Following an Audit Scotland National Report on Borrowing & Treasury Management in Councils, the Scrutiny Committee recommended to the Executive that a review should be carried out which considers borrowing and treasury management governance and methods of reporting. This review is currently being undertaken and the findings will be reported back to Members shortly.

10.2 Consistent with the requirements of the Investment Regulations and the increased Member consideration of treasury management issues, the Chief Finance Officer has to ensure that those tasked with such responsibilities have access to training relevant to their needs and responsibilities. In addition, the Executive approved a further recommendation from the Scrutiny Committee that training for all Members should be mandatory before they are eligible to serve on the Executive, Scrutiny or Audit Committees. Training has therefore now been arranged and will take place on 15 and 31 March 2016. It is clearly important that Members attend one of these training sessions.

10.3 There is a requirement under the Treasury Management Practices (TMPs), that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. This is achieved by in-house training supplemented by staff attending training courses/seminars organised by the Council's Treasury Advisers or other institutions in the field of Treasury Management or CIPFA (Scotland) Treasury Management Forum.



## **11. CONCLUSION**

- 11.1 It is largely accepted that interest rates will rise but there is still uncertainty over the timing and extent of such rises. The prospects for both short term and longer term interest rates will clearly be influenced by future inflationary expectations and the pace of the economic recovery. A mid-year review of the treasury management function will be submitted to Members in November as required by the Regulations.

## **12. RECOMMENDATIONS**

12.1 Executive agree the report is referred to Council for consideration.

12.2 Executive recommends that Council:

- i) adopts the Borrowing Strategy for 2016/17 as set out in this report
- ii) adopts the Investment Strategy for 2016/17 and approves the list of “Permitted Investments” as set out in Section 6 of this report
- iii) approves the Treasury Indicators as set out in Section 7 of this report

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**DIRECTOR OF CORPORATE & HOUSING SERVICES**

Date: 23 February 2016

Ref: AAB150316 – Treasury Management Strategy 2016-17

Contact Officer: Carole McGhee

### **LIST OF BACKGROUND PAPERS**

NIL

## APPENDIX 1

### FALKIRK COUNCIL PERMITTED INVESTMENTS, ASSOCIATED CONTROLS AND LIMITS

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits
(a) Deposits with other local authorities or public bodies <b>(very low risk)</b>	<p>These are considered quasi UK Government debt and as such counterparty risk is very low and there is no risk to value. Liquidity may present a problem as deposits can only be broken with the agreement of the counterparty and penalties can apply.</p> <p>Deposits with other non local authority bodies will be restricted to the overall credit rating criteria.</p>	<p>Little mitigating controls required for local authority deposits, as this is a quasi UK Government investment.</p> <p>Non local authority deposits will follow the approved crediting rating criteria.</p>	£5m per LA and maximum 1 year
(b) Deposits with the Debt Management Account Facility (UK Government) <b>(very low risk)</b>	This is a deposit with the UK Government and as such counterparty and liquidity risk is very low and there is no risk to value. Deposits can be between overnight and 6 months.	Little mitigating controls required. As this is a UK Government investment, the monetary limit is unlimited to allow for a safe haven for investments.	£unlimited, maximum 6 months
(c) Money Market Funds (MMFs) <b>(very low risk)</b>	Pooled cash investment vehicle which provides very low counterparty, liquidity and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where the MMFs have a “AAA” rated status from all of Fitch, Moody’s or Standard & Poors.	£5m per fund and on Call
(d) Instant Access or On-Notice deposit accounts with financial institutions (banks and building societies) <b>(low risk depending on credit rating)</b>	These tend to be low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. There is little risk to value with these types of investments, liquidity is high and investments can be returned at short notice.	<p>The counterparty selection criteria restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody’s and Standard &amp; Poors.</p> <p>On day to day investment dealing, use of the selection criteria will be further strengthened by additional market intelligence.</p>	£8m and on Call subject to individual institution criteria

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits
(e) Term deposits with financial institutions (banks and building societies) <b>(low to medium risk depending on period and credit rating)</b>	This tends to be low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is little risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty and penalties may apply.	The counterparty selection criteria restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard & Poors.  On day to day investment dealing, use of the selection criteria will be further strengthened by additional market intelligence.	£8m and maximum 6 month subject to individual institution criteria
(f) Investment Properties (The Council does not currently hold, nor does it plan to hold any investment properties)	These are non-service properties which are being held pending disposal or for a longer term rental income stream. These are highly illiquid assets with high risk to value (the potential for property prices to fall or for rental voids)	In larger investment portfolios, some small allocation of property based investment may counterbalance/compliment the wider cash portfolio.  Property holding will be re-valued regularly and reported annually with gross and net rental streams.	N/A
(g) Loans to third parties, including soft loans and loans to Registered Social Landlords	These are service transactions either at market rates of interest or below market rates (soft loans). These types of transactions may exhibit credit risk and are likely to be highly illiquid.	Each third party loan and each application is supported by the service rationale behind the loan and the likelihood of partial or full default.	Consistent with the particular scheme
(h) Loans to a local authority company (the Council currently has no such loans)	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each loan to a local authority company and each application is supported by the service rationale behind the loan and the likelihood of partial or full default.	N/A

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits
(i) Shareholdings in a local authority company. The Council has an investment of £13.190m as at 31/03/15 in Falkirk Community Stadium Ltd represented by a range of assets at Westfield, Falkirk)	These are service investments which may exhibit market risk and are likely to be highly illiquid.	Each equity investment in a local authority company requires Member approval and each application will be supported by the service rationale behind the investment and the likelihood of loss	£15m
(j) Non-local authority shareholdings: The Council has an investment of £0.5m in thinkWhere, an independent consultancy service in Geographical Information Systems. The Council relies on their systems, software and data management capacity to analyse, interrogate and utilise information that underpins some of the Council's Core Services.	These are non-service investments which may exhibit market risk; be only considered for longer term investments and will likely be liquid.	Any non-service equity investment will require separate Member approval and each application will be supported by the service rationale behind the investment and the likelihood of loss.	£0.5m

**The Monitoring of Investment Counterparties** – The status of counterparties will be monitored regularly. The Council receives credit rating and market information from Capita Asset Services, from which counterparties are checked promptly. On occasion, ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer and, if required, new counterparties which meet the criteria will be added to the list.

**CREDIT AND COUNTERPARTY POLICIES**

Criteria to be used for creating/managing approved counterparty lists/limits.

- Chief Finance Officer in conjunction with the treasury management advisers, will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising period, type, sector and specific counterparty limits.
- To qualify for use, a counterparty must meet the minimum rating criteria with at least one of the three credit rating agencies.
- The Council will also have regard to additional operational market information such as negative rating watches/outflows before selecting the relevant counterparties.
- The Council's approved counterparty list will extend to selected counterparties from the following sectors:

UK Banks

Overseas Banks (but with UK authorisation) Minimum Sovereign rating of AA

Building Societies

UK Local Authorities

UK Government

- The minimum level of credit rating for an approved counterparty per Fitch or equivalent ratings will be as undernoted, with particular reference to the short term rating but having regard to the long term rating.

SHORT TERM	F1	Indicates the strongest capacity for timely payment of financial commitments within a 12 month timeframe
LONG TERM	A-	High Credit Quality. A low expectation of credit risk with a strong capacity for timely payment of financial commitments

- Part nationalised UK banking Group – Royal Bank of Scotland/Nat West. These banks can be included if they continue to be part nationalised or they meet the ratings above.
- The maximum period for investments will be 6 months unless an alternative period is recorded against a specific counterparty.
- The maximum value for any one investment transaction will be £8 million unless a lesser amount is recorded against a specific counterparty.
- The Council's own banker (Clydesdale) will continue to be used for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised where possible and maintained in an instantly accessible call account.

Full individual listings of counterparties and their limits are shown at Schedule 1 below.

## **SCHEDULE 1**

### **APPROVED COUNTERPARTIES AND COUNTERPARTY LIMITS**

Investments in the form of Temporary Deposits may be placed with the institutions noted below subject to the limit per institution indicated.

#### **UK BANKS**

<b><u>INSTITUTIONS</u></b>	<b><u>LIMIT</u></b>	<b><u>MAX PERIOD</u></b>
Santander UK	£8m	6 months
Barclays Bank	£8m	6 months
Clydesdale Bank	£8m	Call
HSBC	£8m	6 months
Lloyds Banking Group *		
Lloyds TSB	£8m	6 months
Bank of Scotland	£8m	6 months
* A maximum combined monetary limit of	£8m	
Royal Bank of Scotland *		
Royal Bank of Scotland	£8m	6 months
Nat West	£8m	6 months
* A maximum combined monetary limit of	£8m	
Goldman Sachs International Bank	£8m	6 months

#### **BUILDING SOCIETIES**

Nationwide	£5m	6 months
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#### **UK LOCAL AUTHORITIES**

£5m per LA	1 Year
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#### **UK GOVERNMENT**

Unlimited	6 Months
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#### **MONEY MARKET FUNDS**

£5m per fund	Call
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**THIRD PARTY LOANS**

The Investment Regulations require all loans to third parties to be classified as investments.

The (questionable) rationale behind this is to identify monies utilised in this way, which would otherwise be available for general investment and give rise to investment income.

To comply with the Regulations, the following is presented:-

Category and Context	Outstanding	
	No of loans	Value £
<b>(a) Car Loans to Employees</b> Loans advanced to assist employees finance a vehicle needed for their work. Current interest rate is 4.45% per NJC Circular. The scheme closed to new applicants from 1 June 2012 and as such the number of loans and value will continue to decrease until all loans have been repaid.	6	6,268
<b>(b) Home Loans</b> There are a small number of residual loans which were advanced to people purchasing under the right to buy scheme. The interest rate is set by the Scottish Government and is currently 3.13%.	4	4,189
<b>(c) Care Home Deferred/Front Funding Payments</b> When a person enters a care home, legislation requires the Council to offer the facility to pay care home fees to avoid a forced house sale. In the case of Deferred Payments, a standard security allows the monies to be recovered in due course. The Council is not allowed to charge interest.	59	828,940
<b>(d) Bike to Work Scheme</b> During the course of 2010/11, the Council launched a "Bike to Work" Scheme to encourage employees to become greener. The scheme provides tax and national insurance savings to employees who obtain bicycles and safety equipment used mainly for cycling to and from work. The scheme provides a loan which is paid over a one year period.	102	38,018
<b>(e) Owner/Occupiers – High Rise Flats</b> Communal repairs for High Rise blocks of flats e.g. lift refurbishment. Owner/occupiers have deferred their share of costs until such time as flat is sold and thereafter Council will be reimbursed. An Admin Fee for the service is also recharged to owner/occupiers.	17	131,295

Category and Context	Outstanding	
	No of loans	Value £
<p><b>(f) Private Roads – Support to Residents</b>  During the course of 2016/17, the Council may provide up front funding to residents to enable them to upgrade private roads.</p> <p>Loans to residents will be secured over their properties and the interest rate fixed at a level to reflect the cost of making funding available.</p>	N/A	N/A
<p><b>(g) National Housing Trust Initiative</b>  The Council was granted Scottish Government consent to borrow under the National Housing Trust Initiatives. The consent was used to finance a loan to Carrongrove NHT 2011 LLP for the purchase of housing units under this scheme. The loan will be repaid to the Council on the sale of the houses.</p>	1	2,341,563