



Investment and Building Grants Act 1971

1971 CHAPTER 51

An Act to preclude, subject to certain exceptions, the making of grants under Part I of the Industrial Development Act 1966 in respect of expenditure incurred on or after 27th October 1970; to make further provision with respect to grants under section 3 of the Local Employment Act 1960; and for connected purposes. [27th July 1971]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Abolition of investment grants.

- (1) Subject to subsections (2) to (5) below, no grant shall be made under Part I of the Industrial Development Act 1966 (assistance towards provision of new business assets) in respect of expenditure incurred on or after 27th October 1970.
- (2) Subsection (1) above shall not prevent the making of a grant under the said Part I in respect of any expenditure so incurred as respects which the Secretary of State is satisfied as follows—
 - (a) that it consists of a sum or sums falling due under a contract made before the said 27th October, and
 - (b) that the person incurring it has not done so by reason of any thing done, or any transaction entered into, on or after that date by him or his agent:

Provided that there shall be disregarded for the purposes of paragraph (b) above—

- (a) any transfer of the benefit of a contract to a member of a group by any other member of that group, and
 - (b) in the case of a contract subject to a condition precedent, any act done in or towards satisfaction of the condition.
- (3) Where, under a contract made or varied (whether by agreement or under a power contained in the contract) on or after the said 27th October, a person incurs expenditure as respects which the Secretary of State is satisfied that it is in respect of the supply

to that person of works, goods or services in substitution for works, goods or services of the same or a substantially similar description which were to have been supplied to him or, if he is a member of a group, to any other member of that group under a contract made before that date, subsection (1) above shall not prevent the making to that person of a grant under the said Part I in respect of so much of that expenditure as does not exceed the expenditure which he or, as the case may be, the other member of the group would have incurred in respect of the supply of the last-mentioned works, goods or services.

- (4) Where a person was on 26th October 1970 entitled to the benefit of a contract for the construction of a new ship, subsection (1) above shall not prevent the making of a grant under the said Part I in respect of expenditure incurred by that person or, if he is a member of a group, by any other member of the group in the provision of the ship, or of any ship appearing to the Secretary of State to be of the same or a substantially similar description thereto and supplied in substitution therefor, so far as that expenditure either consists of a sum or sums falling due under a contract made before the said 27th October or is in respect of goods or services supplied on or before the date on which the ship is delivered.
- (5) Where a grant may be made under the said Part I in respect of expenditure incurred by a person in the provision of an asset imported into the United Kingdom on or after the said 27th October, subsection (1) above shall not prevent the making of a grant in respect of any expenditure incurred by him in respect of duty chargeable on the importation under section 1 of the Import Duties Act 1958.
- (6) The Secretary of State may from time to time provide by order that applications for grant under the said Part I in respect of expenditure incurred before any date, or during any period, specified in the order—
- (a) are to be made before a date specified for the purpose in relation to that expenditure, and
 - (b) are to be made in such form and manner, and to contain such particulars and be accompanied by such documents,
- as the Secretary of State may direct; and no grant shall be made under the said Part I in respect of any expenditure to which an order under this subsection relates except on an application made before the specified date and complying or, in the opinion of the Secretary of State, substantially complying with any relevant direction.
- An order under this subsection shall be made by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.
- (7) This section shall be construed as one with the said Part I; and for the purposes of this section, a group consists of a body corporate together with all other bodies corporate which are its subsidiaries within the meaning of section 154 of the Companies Act 1948.
- (8) The following provisions of the said Act of 1966 are hereby repealed—
- subsections (1)(b) and (2) of section 7 (power to specify further assets eligible for grant),
 - section 11 (advisory committees), and
 - section 12 (annual reports).

2 Building grants.

- (1) The amount of any grant to be made towards the cost of providing a building or an extension of a building under section 3 of the Local Employment Act 1960 (which relates to projects in development areas and, by virtue of section 1 of the Local Employment Act 1970, intermediate areas) shall be the appropriate proportion, as stated in this section, of the relevant expenditure; and that expenditure shall be so much of the expenditure incurred in providing the building or extension as the Secretary of State may approve for the purposes of the grant:

Provided that the grant may be of an amount less than that proportion in any case where it appears to the Secretary of State that the employment likely to be provided as a result of the expenditure so incurred and any associated expenditure does not justify a grant equal to the appropriate proportion.

- (2) The appropriate proportion for this purpose is—
- (a) twenty-five per cent. of the relevant expenditure in the case of a building or extension in an intermediate area; and
 - (b) subject to subsection (7) below, thirty-five per cent. of the relevant expenditure in the case of a building or extension in a development area,
- plus, in either case, a further ten per cent. of the relevant expenditure, where it appears to the Secretary of State that the application for the grant is made for the purpose of setting up an undertaking in the area in circumstances which justify the giving of special assistance under the said section 3.
- (3) In the said section 3 and this section, references to buildings include references to structures; and, for the purposes of that section and this, a building may be provided by the adaptation of an existing one, and a building or extension of a building by the purchase of a new one, that is to say, one not previously occupied.
- (4) Where a building or extension of a building constructed with a view to being let to another person includes special features at the request of that person, and he is required to pay a capital sum in consideration thereof, the said section 3 and this section shall have effect as if that sum were expenditure incurred by him in providing the building or extension.
- (5) Where at any time a development area ceases to be such without becoming an intermediate area, or an intermediate area ceases to be such without becoming a development area, it shall be treated as continuing to be a development area or, as the case may be, intermediate area—
- (a) for the purpose of enabling grants to be made under the said section 3 on applications received by the Secretary of State before that time, or in respect of expenditure any part of which was incurred by the applicant under a contract entered into before that time, and
 - (b) for the purpose of the continued operation of any agreement relating to any grant under the said section 3.

In this subsection and subsection (6) below, references to development areas and intermediate areas include references to parts of development areas and intermediate areas.

- (6) Where at any time a development area becomes an intermediate area, it shall be treated as if it were still a development area for the purpose of determining the amount of any grant to be made under the said section 3 on an application received by the Secretary of State before that time, or in respect of expenditure any part of which was incurred

by the applicant under a contract entered into before that time; and where at any time an intermediate area becomes a development area, it shall be treated as if it were still an intermediate area for the purpose of determining the amount of a grant under the said section 3 in the following circumstances—

- (a) in the case of a grant in respect of the provision of a building or extension by purchase, if the contract to purchase was entered into before that time, or if before that time any work on providing the building or extension was done on the site with a view to occupation by the applicant for the grant or, if the applicant is a member of a group, by any other member of that group;
- (b) in the case of a grant made by virtue of subsection (4) above, if any work on including the special features in the building or extension was done before that time; and
- (c) in the case of any other grant, if any work on providing the building or extension was done on the site before that time by or on behalf of the applicant for the grant or, if the applicant is a member of a group, by or on behalf of any other member of that group.

For the purposes of this subsection, a group consists of a body corporate together with all other bodies corporate which are its subsidiaries within the meaning of section 154 of the Companies Act 1948.

- (7) In the following circumstances, the percentage in subsection (2)(b) above shall be twenty-five per cent. instead of thirty-five per cent.—
 - (a) in the case of a grant in respect of the provision of a building or extension by purchase, if the contract to purchase was entered into before 27th October 1970, or if before that date any work on providing the building or extension was done on the site with a view to occupation by the applicant for the grant or, if the applicant is a member of a group, by any other member of that group;
 - (b) in the case of a grant made by virtue of subsection (4) above, if any work on including the special features in the building or extension was done before the said 27th October; and
 - (c) in the case of any other grant, if any work on providing the building or extension was done on the site before the said 27th October by or on behalf of the applicant for the grant or, if the applicant is a member of a group, by or on behalf of any other member of that group:

Provided that the Secretary of State may determine that paragraph (c) above shall not have effect in any case the special circumstances of which appear to him to justify such a determination.

In this subsection " group " has the same meaning as in subsection (6) above.

- (8) This section shall be construed as one with Part I of the Local Employment Act 1960.
- (9) The following are hereby repealed, that is to say, section 2 of the Local Employment Act 1963, section 17 of the Industrial Development Act 1966 and, in section 21(4) of that Act, paragraph (b) and the words " (b) or " in paragraph (d), and, in section 1(4) of the Local Employment Act 1970, the words " 17(1) ".
- (10) The foregoing provisions of this section shall not apply in relation to any grant under the said section 3 offered or made before the passing of this Act; but, in the case of any such grant in respect of expenditure incurred in relation to a development area, the Secretary of State may if he thinks fit re-determine the amount of the grant as if, in relation to the expenditure in question or that expenditure so far as relating to any

particular building or extension, section 2(1) of the said Act of 1963 had prescribed a rate of thirty-five per cent. instead of twenty-five per cent., and section 17(1) of the said Act of 1966 had substituted a rate of forty-five per cent. in the circumstances there mentioned, and may make such revised offer or, as the case may require, additional payment under the said section 3 as is consequential on the re-determination.

3 Short title and citation.

This Act may be cited as the Investment and Building Grants Act 1971; and section 2 of this Act and the Local Employment Acts 1960 to 1970 may be cited together as the Local Employment Acts 1960 to 1971.