



# Statutory Corporations (Financial Provisions) Act 1974

## 1974 CHAPTER 8

An Act to make provision for compensating certain statutory corporations in respect of financial loss due to compliance with the national policy relating to limitation of prices, and for extending the borrowing powers of certain statutory corporations; and for purposes connected with those matters. [8th February 1974]

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 Compensation to certain statutory corporations in respect of limitation of prices in financial years 1971-73**

(1) For the purpose of compensating the bodies corporate specified in the first column of Schedule 1 to this Act in respect of financial loss which—

- (a) in any of the financial years 1971-1973 was incurred by them in consequence of their compliance with the national policy relating to limitation of prices, and
- (b) was reflected in deficits on their revenue accounts for any of those financial years,

the appropriate Minister shall make payments to those bodies in accordance with the following provisions of this section.

(2) For the purposes of the application of this section to any of the bodies corporate specified in the first column of Schedule 1 to this Act (in this section referred to as a "specified body")—

- (a) "the specified amount" means the amount specified in the corresponding entry in the second column of that Schedule, and
- (b) "the financial years 1971-73" means the financial years of the specified body which ended in March 1971, March 1972 and March 1973 respectively.

- (3) The aggregate amount of the payments to be made under this section to bodies corporate specified in paragraph 1 of Schedule 1 to this Act shall be the specified amount, which shall be apportioned among them as the appropriate Minister, having regard to the purpose mentioned in subsection (1) of this section, may with the consent of the Treasury determine; and the amount of the payments to be made under this section to each of the other specified bodies shall be the specified amount.
- (4) Subject to subsection (3) of this section, the times at which payments are made under this section, and the amount paid at any one time, shall be such as the appropriate Minister may, with the consent of the Treasury, determine.
- (5) For the purposes of this section the reference in Schedule 1 to this Act to the British Gas Corporation shall be taken to refer to the body now so called and formerly called the Gas Council, and, in relation to that body, references in subsection (1) of this section to financial loss incurred by them in any of the financial years 1971-1973 and reflected in deficits on their revenue accounts for any of those financial years shall be construed as references—
  - (a) to financial loss which, in either of their financial years ending in March 1971 and March 1972 respectively, was incurred by any of the Area Boards established under the Gas Act 1948 in consequence of their compliance with the national policy referred to in that subsection and was reflected in deficits on their revenue accounts for either of those financial years, and
  - (b) to financial loss which, if those Area Boards had continued to exist until the end of March 1973 and to operate in the like manner, and with the like compliance with that policy, as in their previous financial years, might have been expected to be incurred by them, and to be reflected in deficits on their revenue accounts, for their financial years which would in that event have ended in March 1973.

## **2 Further compensation in respect of financial years 1974-75**

- (1) For the purpose of compensating any of the bodies corporate specified in the next following subsection in respect of financial loss which, in either of their financial years ending in March 1974 and March 1975 respectively, may be or have been incurred by them in consequence of their compliance with the national policy relating to limitation of prices, the appropriate Minister may, subject to the following provisions of this section, make by statutory instrument an order in the case of any such body corporate.
- (2) The bodies corporate referred to in subsection (1) of this section are—
  - (a) the Central Electricity Generating Board, and
  - (b) the bodies corporate specified in the first column of Schedule 1 to this Act.
- (3) An order made under subsection (1) of this section in the case of a body corporate in respect of a financial year shall provide that the appropriate Minister shall make a payment or payments to that body in respect of that financial year of such amount or aggregate amount as may be specified in the order.
- (4) The amount specified in such an order in the case of a body corporate in respect of the financial year ending in March 1974, shall not exceed the deficit on that body's revenue account for that financial year.
- (5) The amount specified in such an order in the case of a body corporate in respect of the financial year ending in March 1975 shall, subject to the following provisions of

this section, be such amount as the appropriate Minister may determine, having regard in particular—

- (a) to any prospective deficit for that financial year which, at any time before or during that financial year, may have been forecast by agreement between that body and the appropriate Minister (or, if different prospective deficits are so forecast at different times before or during that financial year, to the latest of them), and
  - (b) to the extent (if any) to which the actual state of their revenue account at the end of that financial year is more or less favourable than the prospective deficit (or, as the case may be, the latest prospective deficit) so forecast.
- (6) The aggregate amount of the payments made under this section shall not exceed £400 million or such greater sum, not exceeding £500 million, as the Treasury may specify by order made by statutory instrument.
- (7) No order shall be made under subsection (1) of this section in the case of a body corporate except with the consent of the Treasury and after consultation with that body corporate; and no power to make an order under this section shall be exercisable unless a draft of the order has been laid before the Commons House of Parliament and approved by a resolution of that House.

### **3 Provisions supplementary to ss. 1 and 2**

- (1) Any payments required to be made by virtue of section 1 or section 2 of this Act shall be made out of moneys provided by Parliament.
- (2) Any payment to a body corporate under either of those sections shall be treated as being for the credit of their revenue account, or for the credit of their capital account, or partly for the credit of the one and partly for the credit of the other, as the appropriate Minister, having regard to the duty of that body under the relevant enactment, may with the consent of the Treasury direct.
- (3) In determining, for the purposes of either of those sections, whether in the case of a body corporate there is or was a deficit or surplus on revenue account for a financial year, or the amount of any such deficit or surplus, no account shall be taken of any payment made or to be made under either of those sections.
- (4) For the purposes of the application of either of those sections to the Post Office—
- (a) each of the branches of the Post Office's undertaking relating respectively to the provision of postal services, to the provision of telecommunication services, to the provision of such services as are mentioned in section 7(1) (b) of the Post Office Act 1969 (banking, giro and related services) and to the provision of data processing services shall be treated as if it were a separate undertaking, and
  - (b) references in either of those sections to financial loss incurred or to a deficit on revenue account shall, in relation to the Post Office, be construed accordingly.
- (5) In this section "the relevant enactment"—
- (a) in relation to the Central Electricity Generating Board and to Area Boards within the meaning of the Electricity Act 1947, means section 13 of the Electricity Act 1957;
  - (b) in relation to the North of Scotland Hydro-Electric Board and to the South of Scotland Electricity Board, means section 10(1) of the Hydro-Electric Development (Scotland) Act 1943;

- (c) in relation to the British Gas Corporation, means section 14 of the Gas Act 1972; and
- (d) in relation to the Post Office, means section 31(1) of the Post Office Act 1969.

#### **4 Extension of borrowing powers of certain statutory corporations**

- (1) With a view to securing that the borrowing powers of the bodies corporate specified in the first column of Schedule 2 to this Act will extend—
  - (a) to the borrowing of money in a currency other than sterling from any person and in any manner, and
  - (b) to the borrowing of money in sterling from the Commission of the European Communities and from the European Investment Bank,the enactments specified in the second column of that Schedule shall have effect subject to the amendments specified in the third column of that Schedule, and any other enactment which applies any of those enactments to any of those bodies corporate shall be construed as applying it as so amended.
- (2) For the purpose of extending the borrowing powers of development corporations and of the Commission for the New Towns, and of making provision consequential upon the extension of those powers, the enactments specified in Schedule 3 to this Act shall have effect subject to the amendments specified in that Schedule.
- (3) Any increase in—
  - (a) the sums required by the Treasury for fulfilling guarantees given in respect of money borrowed under any of the enactments specified in Schedule 2 to this Act, or
  - (b) the sums received by the Treasury in consequence of any such guarantee,which is an increase attributable to any of the amendments specified in that Schedule shall be charged on and issued out of the Consolidated Fund or (as the case may be) shall be paid into that Fund.

#### **5 Interpretation**

- (1) In this Act "the appropriate Minister", except in relation to the Post Office, means the Secretary of State and, in relation to the Post Office, means the Minister of Posts and Telecommunications.
- (2) Except in so far as the context otherwise requires, any reference in this Act to an enactment shall be construed as a reference to that enactment as amended or extended by or under any other enactment.

#### **6 Short title**

This Act may be cited as the Statutory Corporations (Financial Provisions) Act 1974.

SCHEDULES

SCHEDULE 1

Sections 1 & 2.

MATTERS REFERRED TO IN SECTION 1

Specified bodies	Specified amount
	£
1. Area Boards within the meaning of the Electricity Act 1947	92,292,000
2. The North of Scotland Hydro-Electric Board	5,681,019
3. The South of Scotland Electricity Board	4,698,421
4. The British Gas Corporation	33,381,000
5. The Post Office	9,721,000

SCHEDULE 2

Section 4.

AMENDMENTS RELATING TO BORROWING POWERS

Bodies corporate	Act	Amendment
1. (1) The British Railways Board. (2) The British Transport Docks Board. (3) The British Waterways Board. (4) The National Bus Company. (5) The Scottish Transport Group. (6) The National Freight Corporation.	<a href="#">The Transport Act 1962 (10 &amp; 11 Eliz. 2. c. 46).</a>	<p>In section 19(2), after the word " Minister" there shall be inserted the words "</p> <p>or, with the consent of the Secretary of State and the approval of the Treasury, may borrow (otherwise than by way of temporary loan) in a currency other than sterling from any person, or in sterling from the Commission of the European Communities or from the European Investment Bank ".</p> <p>In section 21(1) the words " subsection (1) of" shall be omitted.</p>

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Bodies corporate	Act	Amendment
2. (1) The Electricity Council. (2) The North of Scotland Hydro-Electric Board. (3) The South of Scotland Electricity Board.	<p><a href="#">The Hydro-Electric Development (Scotland) Act 1943 (6 &amp; 7 Geo. 6. c. 32).</a></p> <p><a href="#">The Electricity Act 1947 (10 &amp; 11 Geo. 6. c. 54).</a></p> <p><a href="#">The Electricity Act 1957 (5 &amp; 6 Eliz. 2. c. 48).</a></p>	<p>In section 12(1), after the word " temporarily " there shall be inserted the words " and (without prejudice to the generality of this subsection) to borrow money in sterling from the Commission of the European Communities or from the European Investment Bank ".</p> <p>In section 47(7) the word " temporary ", in the first and third places where it occurs, shall be omitted.</p> <p>In section 15, after subsection (3) there shall be inserted the following subsection:—</p> <p>“(3A) The Electricity Council, with the consent of the Secretary of State and the approval of the Treasury, may borrow money in sterling from the Commission of the European Communities or from the European Investment Bank for all or any of the purposes mentioned in subsection (2) of this section ", and in subsection (5), after paragraph (c) there shall be inserted the following paragraph:—</p> <p>“(cc) the principal of any money borrowed by the Electricity</p>

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Bodies corporate	Act	Amendment
		<p>Council under subsection (3A) of this section, and”</p> <p>In section 17(1), at the end of paragraph (b) there shall be inserted the words “or</p> <p>(c) any money borrowed by the Electricity Council under section 15(3A) of this Act ”.</p>
	<p>The Gas and Electricity Act 1968 (1968 c 39).</p>	<p>In section 2, in subsection (1), the words " by the issue of stock, bonds or other securities under this section " shall be omitted, and for the word " and ", where it occurs after the words " Electricity Act 1957 ", there shall be substituted the words " or for the purposes of the repayment of the principal of sums borrowed by them under this section or of "; in subsection (2), for the words " securities issued ", in the first place where they occur, there shall be substituted the words " sums borrowed ", and after the words " for the purpose of" there shall be inserted the words " repaying the principal of any sums borrowed by them under this section or for the purpose of "; and in subsection (3), after the words " included references to" there shall be inserted the words " sums borrowed or ".</p>

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Bodies corporate	Act	Amendment
		In section 3, in subsection (1), the words " by the issue of stock, bonds or other securities under this section " shall be omitted, and for the word " and ", where it occurs after the words " Hydro-Electric Development (Scotland) Act 1943 ", there shall be substituted the words " or for the purposes of the repayment of the principal of sums borrowed by them under this section or of "; and in subsection (2), for the words " securities issued", in the first place where they occur, there shall be substituted the words " sums borrowed ", and after the words " for the purpose of " there shall be inserted the words " repaying the principal of any sums borrowed by them under this section or for the purpose of ".
3. The British Gas Corporation.	<a href="#">The Gas Act 1972 (1972 c. 60).</a>	In section 17(3), in paragraph (b), after the word " Treasury " there shall be inserted the words " in sterling from the Commission of the European Communities or the European Investment Bank, or ".
4. The Post Office.	<a href="#">The Post Office Act 1969 (1969 c. 48).</a>	In section 35(2), for the words " from the Minister (otherwise than by way of temporary loan) " there shall be substituted the words " (otherwise than by way of temporary loan) from the Minister, or, with the consent of the Minister and the approval of the Treasury, from the Commission of the European Communities or



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Bodies corporate	Act	Amendment
5. The British Airports Authority.	<a href="#">The Airports Authority Act 1965 (1965 c. 16).</a>	the European Investment Bank ".  In section 5(2), after the word " Minister " there shall be inserted the words " or, with the consent of the Secretary of State and the approval of the Treasury, may borrow in sterling from the Commission of the European Communities or from the European Investment Bank ".
6. (1) The British Overseas Airways Corporation. (2) The British European Airways Corporation.	<a href="#">The Air Corporations Act 1967 (1967 c. 33).</a>	In section 7(2) (as substituted by paragraph 19 of Schedule 10 to the Civil Aviation Act 1971), after the word " Board " there shall be inserted the words " or, subject to those limits and with the consent of the Secretary of State and the approval of the Treasury, may borrow in sterling from the Com -mission of the European Communities or from the European Investment Bank ".  In section 10(1), in paragraph (a) the word "tem -porary" shall be omitted; paragraph (b) shall be omitted; and in paragraph (c), for the words " any such loan as is mentioned in the last preceding paragraph " there shall be substituted the words " a loan raised by the corporation ".
7. (1) The Civil Aviation Authority. (2) The British Airways Board.	<a href="#">The Civil Aviation Act 1971 (1971 c. 75).</a>	In section 8(2), for the words " from the Secretary of State otherwise than by way of temporary loan " there shall be substituted the words " otherwise than by way of temporary loan from the Secretary of State, or with the consent of the Secretary of State from the Commission of the

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Bodies corporate	Act	Amendment
8. The British Steel Corporation.	<a href="#">The Iron and Steel Act 1967 (1967 c. 17).</a>	<p>European Communities or the European Investment Bank ".</p> <p>In section 41(2), after the word " stock " there shall be inserted the words " or borrow in sterling from the Commission of the European Communities or from the European Investment Bank ".</p> <p>In section 48(2), the words " and section 7(3) of that Act ", the word " respectively " and the words " and section 41(3) of this Act " shall be omitted.</p> <p>In section 19(2), for the words " from the Minister (otherwise than by way of temporary loan) " there shall be substituted the words " (otherwise than byway of temporary loan) from the Secretary of State, or with his consent and the approval of the Treasury from the Commission of the European Communities or the European Investment Bank ".</p>
9. The Covent Garden Market Authority.	<a href="#">The Covent Garden Market Act 1961 (9 &amp; 10 Eliz. 2. c. 49).</a>	<p>In section 38, in subsection (2), the words " may borrow by the issue of stock or debentures " shall be omitted, and at the end of that subsection there shall be inserted the words " may borrow from any person by the issue of stock or debentures, or may borrow from any person any sum in a currency other than sterling, or may borrow any sum in sterling from the Commission of the European Communities or the European Investment Bank ".</p>
	<a href="#">The Covent Garden Market Act 1966 (1966 c. i).</a>	<p>In section 34, at the end of subsection (1) there shall</p>

Bodies corporate	Act	Amendment
10. The Maplin Development Authority.	<a href="#">The Maplin Development Act 1973 (1973 c. 64).</a>	<p>be inserted the words " or the repayment of the principal of, and the payment of interest on, any money borrowed by the Authority (otherwise than by the issue of stock or debentures) under subsection (1) or subsection (2) of section 38 of the Act of 1961 ".</p> <p>In section 14(3)(b), after the word " from " there shall be inserted the words " the Commission of the European Communities or ".</p>

SCHEDULE 3

Section 4.

FURTHER AMENDMENTS RELATING TO BORROWING POWERS (NEW TOWNS)

PART I

ENGLAND AND WALES

- 1
- In sections 4(1) and 37(1) of the New Towns Act 1965 (which provide that development corporations and the Commission for the New Towns shall not have power to borrow money except by way of Government advances), for the words " by way of advance from the Minister under" there shall be substituted the words " in accordance with sections 42 to 43 of ".
- 2
- After section 42 of that Act there shall be inserted the following section:—

- “**42A Other borrowing powers of development corporations and Commission.**
- (1) A development corporation or the Commission may borrow temporarily, by way of overdraft or otherwise, either—

(a) in sterling from the Secretary of State, or

(b) with the consent of the Secretary of State and the approval of the Treasury, or in accordance with any general authority given by the Secretary of State with the approval of the Treasury, in any currency from any other person,

such sums as the development corporation or the Commission (as the case may be) may require for meeting their obligations or performing their functions.
- (2) With the consent of the Secretary of State and the approval of the Treasury, a development corporation or the Commission may borrow, otherwise than by way of temporary loan,—

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- (a) in any currency from the Commission of the European Communities or from the European Investment Bank, or
- (b) in any currency other than sterling from any person, other than the Secretary of State and the bodies mentioned in the preceding paragraph,

such sums as they may require for enabling them to meet expenditure properly chargeable to capital account (including the provision of working capital), or to make good to revenue account sums applied in meeting liabilities so chargeable.”

3 In section 43 of that Act, the word " and ", where it occurs at the end of paragraph (b), shall be omitted, and at the end of paragraph (c) there shall be inserted the words “and

- (d) the aggregate amount for the time being outstanding in respect of the principal of sums borrowed (whether by development corporations or by the Commission) under section 42A of this Act or under section 37A of the New Towns (Scotland) Act 1968.”.

4 After section 44 of that Act there shall be inserted the following section:—

**“44A Treasury guarantees.**

- (1) The Treasury may guarantee, in such manner and on such conditions as they may think fit, the repayment of the principal of, and the payment of interest on, any sums which a development corporation or the Commission borrow under this Act from a person other than the Secretary of State.
- (2) Immediately after a guarantee is given under this section, the Treasury shall lay a statement of the guarantee before each House of Parliament; and where any sum is issued for fulfilling a guarantee so given the Treasury shall, as soon as possible after the end of each financial year, beginning with that in which the sum is issued and ending with that in which all liability in respect of the principal of the sum and in respect of interest thereon is finally discharged, lay before each House of Parliament a statement relating to that sum.
- (3) Any sums required by the Treasury for fulfilling a guarantee under this section shall be charged on and issued out of the Consolidated Fund.
- (4) If any sums are issued in fulfilment of a guarantee given under this section in respect of money borrowed by a development corporation or by the Commission, the development corporation or the Commission (as the case may be) shall make to the Treasury, at such times and in such manner as the Treasury may from time to time direct, payments, of such amounts as the Treasury may so direct, in or towards repayment of the sums so issued and payments of interest on what is outstanding for the time being in respect of amounts so issued at such rate as the Treasury may so direct.
- (5) Any sums received under subsection (4) of this section by the Treasury shall be paid into the Consolidated Fund.”

## PART II

### SCOTLAND

5 In section 4(1) of the New Towns (Scotland) Act 1968 (which provides that a development corporation shall not have power to borrow money except by way of advance from the Secretary of State), for the words "by way of advance from the Secretary of State under " there shall be substituted the words " in accordance with sections 37 and 37A of ".

6 After section 37 of that Act there shall be inserted the following section:—

**“37A Other borrowing powers of development corporations.**

(1) Subject to section 43 of the New Towns Act 1965, a development corporation may borrow temporarily, by way of overdraft or otherwise, either—

- (a) in sterling from the Secretary of State, or
- (b) with the consent of the Secretary of State and the approval of the Treasury, or in accordance with any general authority given by the Secretary of State with the approval of the Treasury, in any currency from any other person,

such sums as the development corporation may require for meeting their obligations or performing their functions.

(2) With the consent of the Secretary of State and the approval of the Treasury, a development corporation may, subject to section 43 of the New Towns Act 1965, borrow, otherwise than by way of temporary loan,—

- (a) in any currency from the Commission of the European Communities or from the European Investment Bank, or
- (b) in any currency other than sterling from any person, other than the Secretary of State and the bodies mentioned in the preceding paragraph,

such sums as they may require for enabling them to meet expenditure properly chargeable to capital account (including the provision of working capital), or to make good to revenue account sums applied in meeting liabilities so chargeable.”

7 After section 38 of that Act there shall be inserted the following section:—

**“38A Treasury guarantees.**

(1) The Treasury may guarantee, in such manner and on such conditions as they may think fit, the repayment of the principal of, and the payment of interest on, any sums which a development corporation borrow under this Act from a person other than the Secretary of State.

(2) Immediately after a guarantee is given under this section, the Treasury shall lay a statement of the guarantee before each House of Parliament; and where any sum is issued for fulfilling a guarantee so given the Treasury shall, as soon as possible after the end of each financial year, beginning with that in which the sum is issued, and ending with that in which all liability in respect of the principal of the sum and in respect of interest thereon is finally discharged, lay before each House of Parliament a statement relating to that sum.

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- (3) Any sums required by the Treasury for fulfilling a guarantee under this section shall be charged on and issued out of the Consolidated Fund.
- (4) If any sums are issued in fulfilment of a guarantee given under this section in respect of money borrowed by a development corporation, the development corporation shall make to the Treasury, at such times and in such manner as the Treasury may from time to time direct, payments, of such amounts as the Treasury may so direct, in or towards repayment of the sums so issued and payments of interest on what is outstanding for the time being in respect of amounts so issued at such rate as the Treasury may so direct.
- (5) Any sums received under subsection (4) of this section by the Treasury shall be paid into the Consolidated Fund.”