



National Loans Act 1968

1968 CHAPTER 13

Government lending

2 Substitution of National Loans Fund for Consolidated Fund in scheduled enactments

The enactments in Schedule 1 to this Act (which—

- (a) authorise advances or loans out of the Consolidated Fund, or
- (b) create commencing capital debts or other obligations to the Consolidated Fund, or
- (c) authorise payments out of the Consolidated Fund which are to be repaid out of Votes),

and the enactments in Schedule 2 to this Act (which authorise payments out of the Consolidated Fund under certain international monetary and financial agreements) shall be amended in accordance with those Schedules.

3 Local loans

- (1) The Treasury may issue out of the National Loans Fund such sums as are required by the Public Works Loan Commissioners (in this Act called the Loan Commissioners) to make loans as authorised by this Act, or by any future Act.
- (2) Interest on loans made by the Loan Commissioners shall be paid at such rates as the Treasury may determine from time to time in accordance with section 5 of this Act.
- (3) All sums paid or applicable in or towards the discharge of the principal or interest of any loans made by the Loan Commissioners, whether before or after the coming into force of this section, shall be paid by the Loan Commissioners into the National Loans Fund:

Provided that where security for a loan is enforced in any manner the net receipts only shall be so paid into the National Loans Fund.

- (4) Any sum payable in respect of Irish land purchase annuities which, but for the provisions of this section, would be payable into the Local Loans Fund under

Status: This is the original version (as it was originally enacted).

section 26(2) of the Government of Ireland Act 1920, or under any other enactment, shall be paid into the National Loans Fund.

- (5) Subject to the limit in this Act, and to any limit in a future Act, the Loan Commissioners' power of making loans shall include power to enter into undertakings to make loans.
- (6) The Loan Commissioners shall, as respects each financial year, prepare in such form and manner as the Treasury may direct an account of all loans made by the Loan Commissioners in the financial year, and of the sums paid or applicable in the financial year in or towards the discharge of the principal or interest of all loans made by the Loan Commissioners, whether before or after the coming into force of this section, and send it to the Comptroller and Auditor General not later than the end of November next following the end of the financial year and the Comptroller and Auditor General shall examine, certify and report on the account and lay copies of it, together with his report, before each House of Parliament.
- (7) So much of paragraph (3) of section 5 of the Public Works Loans Act 1875 as fixes the time by which the Loan Commissioners are to send their report of their transactions to the Treasury, and by which the report is to be laid before Parliament, shall cease to have effect.
- (8) On 1st April 1968 the Local Loans Fund shall be wound up, and all liabilities of the Local Loans Fund to the Consolidated Fund under section 30(4) of the Finance Act 1935 or section 3(3) of the Local Authorities Loans Act 1945 (repayment of Exchequer advances) shall be extinguished.
- (9) As soon as may be after the coming into force of this section, any cash balance standing to the credit of the Local Loans Fund at the close of business on 31st March 1968 shall be paid into the National Loans Fund.
- (10) Immediately before the winding up of the Local Loans Fund the principal of the loans made by the Loan Commissioners and described in Schedule 3 to this Act (which are irrecoverable) shall be extinguished, and all arrears of interest thereon shall be remitted; and the said principal shall, so far as not already so dealt with in pursuance of the Public Works Loans Act 1887, be written off from the account of assets of the Local Loans Fund.
- (11) The descriptions of loans which the Loan Commissioners may make are those set out in Schedule 4 to this Act (which correspond in material particulars to the loans which the Loan Commissioners may make under section 9 of the Public Works Loans Act 1875), and that Act and the enactments amending that Act shall apply to loans made in pursuance of this section.
- (12) In the following provisions of this Act " local loans " means loans made by the Loan Commissioners in pursuance of this section.

4 Power to make local loans

- (1) Local loans may be made in the period beginning with 1st April 1968, but the aggregate of—
 - (a) the commitments of the Loan Commissioners outstanding at any time in respect of undertakings entered into by them to grant local loans; and
 - (b) the advances in respect of local loans made by the Loan Commissioners under this section up to that time,

shall not exceed the limit specified in subsection (2) below.

- (2) The said limit shall be one thousand million pounds, but the Treasury may, on not more than three occasions, by order contained in a statutory instrument, increase or further increase that limit by a sum specified in the order, being a sum not exceeding one thousand million pounds.

The Treasury shall not make an order under this subsection unless a draft of the order has been approved by a resolution of the Commons House of Parliament.

- (3) For the purposes of section 1 (2) of the Public Works Loans Act 1967 (no sums to be issued under that Act after the end of the period when a further Act comes into operation) the said period shall end with 31st March 1968.

5 Rates of interest

- (1) This section has effect as respects any rate of interest—
 - (a) which under any provision in Schedule 1 to this Act is to be fixed in accordance with this Act, or
 - (b) which is to be determined by the Treasury under section 3 of this Act,and, where any enactment passed after this Act provides for the payment of interest on advances or loans made out of the National Loans Fund, and for the rate at which that interest is to be payable to be determined or approved by the Treasury, then, except as otherwise expressly provided, this section has effect as respects that rate of interest.
- (2) The Treasury shall, on each occasion when they determine or approve any such rate of interest for a loan or class of loans, satisfy themselves that the rate would be at least sufficient to prevent a loss if—
 - (a) the loan, or any loan of that class, was met out of money borrowed by the Treasury at the rate at which the Treasury are for the time being able to borrow money for a comparable period, and on other comparable terms, and
 - (b) the interest on the money so borrowed, together with the Treasury's expenses of borrowing, were set off against the interest received on the loan.
- (3) If at any time the Treasury are satisfied that a rate of interest fixed for a class of loans no longer meets the requirement in subsection (2) above, that rate shall be redetermined for further loans in accordance with that subsection, and the new rate or rates of interest shall come into effect at the earliest convenient date.
- (4) The Treasury may in determining or approving a rate take into account any considerations justifying a rate, of interest higher than that required by subsection (2) above.
- (5) Different rates may be determined or approved in respect of different sums borrowed for the same length of time.
- (6) The Treasury shall cause—
 - (a) the rates of interest determined from time to time by them as the lowest rates under this section, and
 - (b) all other rates of interest determined from time to time by them in respect of local loans,to be published in the London and Edinburgh Gazettes as soon as may be after the fixing of those rates.

6 Rates of interest on local loans

- (1) Subsection (2) below shall have effect for the construction—
- (a) of references in the enactments set out below to the rate of interest in respect of any particular class of loans to local authorities, and
 - (b) of references in any other enactment passed, or in any document made, before 27th February 1964 (the date of passing of the Public Works Loans Act 1964) to the rate fixed by the Treasury under section 1 of the Public Works Loans Act 1897 in respect of loans of a particular class.

The said enactments are—

section 2(5)(a) of the Housing (Rural Workers) Act 1926
 section 92(2) of the Housing Act 1935
 section 83(2) of the Housing (Scotland) Act 1935
 paragraph 5(1) proviso of Schedule 7 to the Housing (Scotland) Act 1950
 section 1(3)(b) of the Rural Water Supplies and Sewerage Act 1955
 paragraph 7(1) proviso of Schedule 3 to the Housing (Financial Provisions) Act 1958
 section 198(2) of the Highways Act 1959
 section 7(2)(a) of the Housing Act 1961
 section 11(2)(a) of the Housing (Scotland) Act 1962
 section 3(4) of the Local Authorities (Land) Act 1963
 section 7(4) of the Local Government (Development and Finance) (Scotland) Act 1964.

- (2) Any such reference shall be construed, where the time in question falls after 31st March 1968, as a reference to the rate at that time determined by the Treasury in respect of local loans of the class in question made on the security of local rates or, where more than one rate is so applicable, to such one of those rates as the Treasury may from time to time direct either generally or with respect to any particular enactment or document.

The Treasury shall cause any such direction to be published in the London and Edinburgh Gazettes as soon as may be after the giving of the direction.

- (3) For the purposes of this section—
- (a) the expression " local rate " means any rate levied or assessed, the proceeds of which are applicable to public local purposes, and which is levied on the basis of a valuation of property, and includes any sum which, though obtained in the first instance by a precept, certificate or other instrument requiring payment from some authority or officer, is or can be ultimately raised out of such a rate as aforesaid,
 - (b) the expression " security of local rates" includes a security guaranteed by a local rate.