



National Loans Act 1968

1968 CHAPTER 13

National debt

12 Power of Treasury to borrow

- (1) Any money required—
 - (a) for providing the sums required to meet any excess of payments out of the National Loans Fund over receipts into the National Loans Fund, and
 - (b) for providing any necessary working balance in the National Loans Fund,may be raised in such manner and on such terms and conditions as the Treasury think fit, and money so raised shall be paid into the National Loans Fund.
- (2) For the purpose of raising money under this section the Treasury may create and issue such securities, at such rates of interest and subject to such conditions as to repayment, redemption and other matters (including provision for a sinking fund) as they think fit.
- (3) For the avoidance of doubt it is hereby declared that the power to raise money under this section extends to raising money either within or outside the United Kingdom and either in sterling or in any other currency or medium of exchange, whether national or international.
- (4) The principal of and interest on any money borrowed under this section, and of any money due under securities issued under this section, and—
 - (a) any sums required to be set aside for the purpose of any sinking fund established under this section,
 - (b) any other sums to be paid by the Treasury in accordance with the terms on which they borrow,
 - (c) any expenses incurred in connection with the raising of money or the issue, repayment or redemption of securities under this section,shall be charged on and paid out of the National Loans Fund with recourse to the Consolidated Fund.
- (5) The power to raise money under this section extends—

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- (a) to raising money through the Post Office, and in particular by the issue through the Post Office of national savings certificates, and by the issue of the stamps and tokens described in section 35 of the Finance Act 1961 (national savings stamps and gift tokens), and
 - (b) to raising money by the issue of Treasury Bills under the Treasury Bills Act 1877.
- (6) In raising money under this section by the creation and issue—
- (a) of tax reserve certificates, national development bonds, or premium savings bonds, or
 - (b) of national savings certificates,
- any stock of forms prepared before the passing of this Act may be employed, pending the printing and issue of new forms, notwithstanding that the forms were prepared by reference to the raising of money under the National Loans Act 1939 or, as the case may be, section 7 of the National Debt Act 1958, and any security so issued shall be valid and effectual as if purporting to be issued in pursuance of this section instead of purporting to be issued in pursuance of the said Act of 1939 or the said Act of 1958.
- (7) The Bank of England may lend any sums which the Treasury have power to borrow under this section, and section 1 of the Bank of England Act 1819 (loans by Bank to Crown to require authority of Parliament) shall cease to have effect.

13 Existing national debt

- (1) All payments to be made in respect of existing national debt, being payments which are charged on the Consolidated Fund, shall be charged on and paid out of the National Loans Fund.
- (2) Subsection (1) of this section shall not be in derogation of the said charge on the Consolidated Fund, or of the provisions of section 1 of the Consolidated Fund Act 1816 (which makes the national debt a prior charge on the Consolidated Fund), and accordingly all such payments shall be charged on the National Loans Fund with recourse to the Consolidated Fund.
- (3) In this section "existing national debt" means all securities of Her Majesty's Government in the United Kingdom outstanding on 31st March 1968, including Treasury Bills and Ways and Means advances, and all other liabilities in respect of money borrowed by Her Majesty's Government in the United Kingdom and outstanding on 31st March 1968, and those liabilities include, as well as payments in respect of principal and interest, payments for the purpose of any sinking fund and any other payments due under the terms on which any such security was issued, or any such money was borrowed.
- (4) Any expenses incurred in connection with the raising of money or the issue, repayment or redemption of securities which represent expenses incurred, whether before or after the coming into force of this section, in respect of existing national debt shall be paid out of the National Loans Fund, with recourse to the Consolidated Fund.
- (5) Section 4 of the National Loans Act 1939 (power of trustees and others to invest in government securities) shall cease to have effect, but not so as to invalidate anything done before the coming into force of this Act.
- (6) Schedule 5 to this Act shall have effect for the purpose of making amendments consequential on this and the last foregoing section.

- (7) Any reference in any enactment passed before this Act to securities which are charged on the Consolidated Fund shall include a reference to securities which are charged on the National Loans Fund with recourse to the Consolidated Fund; and any reference in any such enactment to securities which are directly charged on the Consolidated Fund shall be construed in a corresponding manner.

14 Exchange of securities, etc.

- (1) The powers conferred by section 12 of this Act shall include power to enter into agreements for varying the terms on which Her Majesty's Government in the United Kingdom have borrowed money or issued securities (whether before or after the passing of this Act), and shall include power to create and issue securities for the purpose of any such agreement.
- (2) The Treasury may in particular, for the purpose of carrying out any arrangement made by them for the exchange (whether on or before maturity, and whether with or without any further payment) of any securities of Her Majesty's Government in the United Kingdom, create and issue such other securities under section 12 of this Act as the Treasury think fit.
- (3) The Treasury may make rules with respect to the surrender, issue or exchange of securities in pursuance of this section, and may by those rules provide, with any necessary modifications, for any of the matters for which provision could be made under section 29 of the National Debt (Conversion) Act 1888, and may also by those rules apply, with the necessary modifications, any of the provisions of Part IV of that Act (whether repealed or not) which they think it expedient to apply.
- (4) Rules made under subsection (3) above with respect to the exchange of securities in pursuance of an arrangement which includes an offer of securities in exchange for securities which are to be redeemed may include provision—
- (a) for requiring holders of the securities which are to be redeemed desiring to receive repayment in cash in respect of their holdings on the date fixed for the redemption thereof to make an application in that behalf in accordance with the rules, and
 - (b) for securing that, if no such application is made with respect to any such securities within such period as may be provided in the rules, the holder thereof shall be deemed, subject to the provisions of the rules, to have accepted the offer.
- (5) Rules under subsection (3) above may specify the persons by whom an application accepting an offer of exchange of securities, or an application required under subsection (4) above, may be made in cases where—
- (a) any holder of securities which may be exchanged has died, or is outside the United Kingdom, or is of unsound mind, or is an infant, pupil or minor, or is otherwise under a disability, or
 - (b) a stop notice is in force with respect to a holding.
- (6) The Treasury may cancel any securities surrendered to them under this section, and may also undertake to make payments, upon such terms and conditions as they think fit, to holders of securities so surrendered, or otherwise as part of the arrangement or agreement.

- (7) A warrant given by the Bank of England or the Bank of Ireland for making any such payment shall be deemed to be a cheque within the meaning of the Bills of Exchange Act 1882 and shall be exempt from stamp duty.
- (8) Any money required by the Treasury for the purpose of carrying out any such arrangement shall be charged on and paid out of the National Loans Fund with recourse to the Consolidated Fund.
- (9) Any money received by the Treasury under this section shall be paid into the National Loans Fund.
- (10) Section 2 of the National Loans Act 1939 (exchange of securities) and section 9 of the National Debt Act 1958 (exchange of savings certificates) shall cease to have effect, but—
 - (a) any rules in force under either of those sections on 31st March 1968 shall continue in force as if made under this section, and may be varied or revoked accordingly, and
 - (b) any arrangements pending under either of those sections on 31st March 1968 shall be carried out and concluded under this section.
- (11) Rules under this section shall be made by statutory instrument which, if the rules consist of or include any provision made in pursuance of subsection (4) above, shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

15 Payments out of Consolidated Fund for service of national debt

- (1) The Treasury shall from time to time pay out of the Consolidated Fund into the National Loans Fund sums equal to the excess of the amounts required to meet charges on the National Loans Fund for the service of national debt over the amounts paid into the National Loans Fund which represent interest on loans by the Government or which, in the opinion of the Treasury, ought to be treated in the same way as interest on loans by the Government.
- (2) Notwithstanding the provisions of section 13 of the Exchequer and Audit Departments Act 1866, payments under this section shall be effected without the granting of credits by the Comptroller and Auditor General.
- (3) In this section " charges on the National Loans Fund for the service of national debt" means all payments to be made out of the National Loans Fund which represent—
 - (a) interest on debt charged on the National Loans Fund,
 - (b) expenses incurred in connection with the raising of money or the issue, repayment or redemption of securities,
 - (c) money required for the purpose of carrying out any arrangement under the last foregoing section, or
 - (d) sums payable under subsection (6) or (7) of section 16 of this Act.

16 Supplemental provisions as to national debt

- (1) Subject to subsection (2) below, the definitions of " government stock " in—
 - (a) section 51 of the Finance Act 1921,
 - (b) section 15 of the National Debt Act 1958,

shall include securities issued under this Act, other than national savings certificates, premium savings bonds, national savings stamps and national savings gift tokens, and in section 43(2) of the Finance Act 1956 (enactments relating to lotteries: saving for premium bonds under the National Loans Act 1939) the reference to the said Act of 1939 shall include a reference to this Act.

- (2) The Treasury may by order in a statutory instrument, subject to annulment in pursuance of a resolution of the House of Commons, exclude from either or both of the said definitions of " government stock " any description of securities issued under this Act.
- (3) Stock or registered bonds issued under this Act, other than premium savings bonds, shall be included in Part I of Schedule 11 to the Finance Act 1942 (transfer and registration of government stock).
- (4) Stock or registered bonds issued under this Act shall be subject to the provisions of the National Debt Act 1870 so far as is consistent with the tenor of this Act.
- (5) Section 196 of the Income Tax Act 1952 (interest on Government securities payable without deduction of tax) shall have effect as if securities issued under this Act were among those described in paragraphs (a) to (d) of subsection (1) of that section.
- (6) The Treasury shall from time to time pay to trustee savings banks, as consideration for the performance by them of the functions conferred on them by the National Debt Act 1958, such amounts as may be determined by the Treasury after consultation with the Trustee Savings Banks Association.

Payments under this subsection shall be made out of the National Loans Fund with recourse to the Consolidated Fund.

- (7) There shall be paid out to the Banks of England and Ireland, and into the Post Office Fund, such sums in respect of the management in the year ending 31st March 1968 or any subsequent financial year of any Government securities as may be agreed upon between the Treasury on the one hand and the Bank of England, the Bank of Ireland and the Postmaster General respectively on the other hand.

In this subsection " Government securities " means securities of Her Majesty's Government in the United Kingdom and securities issued under—

Part II of the Tithe Act 1936,
the Irish Land Act 1903,
the Irish Land Act 1909,
the Northern Ireland Land Act 1925.

- (8) Sums payable under subsection (7) above to the Banks of England and Ireland—
 - (a) shall, so far as they relate to Government securities in respect of which registers are kept by the Bank of England and Bank of Ireland respectively, be calculated on the nominal amount, as certified by the National Debt Commissioners, of such securities outstanding at the end of the financial year ending last before the financial year for which the sums are payable, and
 - (b) shall be payable before 30th June next following the end of the financial year for which the sums are payable.
- (9) Sums payable under subsection (7) above shall be met out of the National Loans Fund with recourse to the Consolidated Fund, except that—

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- (a) sums payable in respect of securities issued under Part II of the Tithe Act 1936 shall be paid out of the Redemption Annuities Account under section 25 of that Act, and
- (b) sums payable in respect of securities issued under the said Acts of 1903, 1909 and 1925 shall be payable as part of the expenses of the National Debt Commissioners on account of Irish land purchase services under the said Act of 1903 as modified by Part III of Schedule 2 to the Irish Free State (Consequential Provisions) Act 1922 and section 6 of the Northern Ireland Land Purchase (Winding Up) Act 1935.

17 Repeal of provisions for paying off debt, or applying sums to meet interest charges

- (1) Section 5 of the Sinking Fund Act 1875 (the old sinking fund) and section 48 of the Finance Act 1930 (provision for deficit in any year: sums to be applied in following year in the same manner as the old sinking fund) shall cease to have effect.
- (2) So much of any enactment as provides for sums paid into the Consolidated Fund to be applied in redeeming or paying off debt (that is to say national debt) or meeting such part of the annual charges for the national debt as represents interest, shall cease to have effect.