



Local Employment Act 1972

1972 CHAPTER 5

Powers for provision of employment

2 Purpose for which powers exercisable and advisory committee

- (1) The powers conferred by sections 3 to 6 of this Act shall be exercisable, with due regard to the proper diversification of industry, for the purpose of providing for the benefit of any area in relation to which the powers are exercisable employment appropriate (having regard to the circumstances of the area generally and of any particular description of persons therein) to the needs of the area.
- (2) In determining whether and in what manner, to exercise his powers under sections 3, 4 and 5 of this Act for the benefit of any area in relation to which the powers are exercisable, the Secretary of State shall have regard—
 - (a) to the relation between the expenditure involved and the employment likely to be provided; and
 - (b) to any consequential effect on employment in any other part of that area and in any other development area or intermediate area.
- (3) For the purposes of this Act there shall be an advisory committee appointed by the Secretary of State; and the Secretary of State may pay to the members of the committee such allowances as he may with the consent of the Minister for the Civil Service determine.

3 Building grants

- (1) For the purpose mentioned in section 2(1) of this Act the Secretary of State may, with the consent of the Treasury and after consultation, if he sees fit, with the advisory committee, make grants to persons carrying on, or proposing to carry on, undertakings in any development area or intermediate area towards the cost of providing in the area buildings or extensions of buildings to be occupied by the undertakings.
- (2) The amount of any grant to be made towards the cost of providing a building or an extension of a building under this section shall be the appropriate proportion, as stated in the following provisions of this section, of the relevant expenditure ; and that

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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.

- (3) 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) 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 this section.
- (4) In this section, references to buildings include references to structures; and, for the purposes of this section, 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.
- (5) 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, this section shall have effect as if that sum were expenditure incurred by him in providing the building or extension.
- (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 this section 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 this section 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 (5) of this section, 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.
- (7) For the purposes of subsection (6) 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; and in that subsection references to development areas and intermediate areas include references to parts of development areas and intermediate areas.

- (8) In making a grant under this section the Secretary of State shall impose such conditions (which may include conditions for repayment in specified circumstances) as he thinks fit for securing that the building or extension will continue to serve the purpose mentioned in section 2(1) of this Act.

4 General power to make loans and grants and to acquire shares

- (1) Where, in accordance with recommendations of the advisory committee, the Secretary of State is satisfied as respects any undertaking carried on, or proposed to be carried on, in a development area—
- (a) that it is expedient for the purpose mentioned in section 2(1) of this Act to exercise his powers under this section; and
 - (b) that there are good prospects of the undertaking ultimately being able to be carried on successfully without further assistance under this section,
- the Secretary of State may agree with the person carrying on, or proposing to carry on, the undertaking to give assistance under this section for the purposes of the undertaking.
- (2) Assistance under this section may be given—
- (a) where the person carrying on, or proposing to carry on, the undertaking is a company incorporated in the United Kingdom—
 - (i) by making loans or grants ;
 - (ii) by subscribing for or otherwise acquiring shares or stock in the company;
 - (iii) by a combination of the methods mentioned in sub-paragraphs (i) and (ii) of this paragraph;
 - (b) in any other case, by making loans or grants.
- (3) A grant may be made under this section in respect of expenditure incurred outside a development area in connection with the transference of any undertaking to a development area.
- (4) Assistance under this section shall be of such amounts and shall be given on such terms and conditions as may be recommended by the advisory committee and specified in the agreement made with the person to whom the assistance is given ; and those terms and conditions may include—
- (a) in the case of a grant, conditions for repayment in specified circumstances;
 - (b) in the case of a loan to a company incorporated in the United Kingdom, terms providing for the indebtedness to the Secretary of State to be discharged by the issue of shares or stock in the company.
- (5) In recommending the terms and conditions on which assistance under this section should be given, the advisory committee shall act in accordance with general directions given to them by the Secretary of State with the consent of the Treasury.

5 Provision of premises and sites

- (1) For the purpose mentioned in section 2(1) of this Act the Secretary of State shall have power, in order to provide or facilitate the provision of premises in any development area or intermediate area for occupation by undertakings carried on or to be carried

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on there or for otherwise meeting the requirements of such undertakings (including requirements arising from the needs of persons employed or to be employed therein)—

- (a) to acquire land by agreement or, if so authorised, compulsorily;
 - (b) to erect buildings and carry out works on land belonging to the Secretary of State ;
 - (c) by agreement with the persons interested in any other land, to erect buildings and carry out works on the land on such terms (including terms as to repayment of expenditure incurred by the Secretary of State) as may be specified in the agreement.
- (2) The Secretary of State shall not acquire under this section any buildings other than industrial buildings except for redevelopment or as part of a larger property which in the opinion of the Secretary of State would be incomplete without them.

6 Removal and resettlement of workers

- (1) Subsection (2) of this section shall have effect for assisting the transfer of persons from employment in an undertaking, wherever carried on, to employment in an undertaking (in this section referred to as " the new undertaking ") which is being established in a development area or intermediate area by way of extension of or in connection with, or by way of transfer of the whole or part of, the first-mentioned undertaking or which, having been so established, is being extended in the development area or intermediate area in question.
- (2) If on an application in that behalf as respects any person the Secretary of State is satisfied that it is expedient for the purpose mentioned in section 2(1) of this Act to exercise his powers under this subsection, and that the exercise thereof will facilitate the establishment or extension of the new undertaking, he may for the purposes of section 5 of the Employment and Training Act 1948 (payments towards cost of removal and resettlement of workers and their dependants and towards their maintenance and welfare in the course of their removal pending their resettlement) treat—
- (a) the said person's becoming employed in the new undertaking as if it were the obtaining of employment; and
 - (b) the said person's ceasing to be employed in the new undertaking as if it were the coming to an end of employment, notwithstanding that he ceases to be so employed in order that he may continue in employment elsewhere.