



New Towns Act 1981

1981 CHAPTER 64

PART IV

FINANCE

General financial provisions

58 Advances and grants to development corporations and Commission

- (1) For the purpose of enabling a development corporation—
 - (a) to meet expenditure properly chargeable to capital account (including the provision of working capital), or
 - (b) to make good to revenue account sums applied in meeting liabilities so chargeable,the Secretary of State may (subject to section 60 below) make to the corporation advances repayable over such periods and on such terms as may be approved by the Treasury.
- (2) For the purpose of enabling a development corporation to meet any other expenditure the Secretary of State may, out of moneys provided by Parliament, make grants to the corporation of such amount as may be approved by the Treasury.
- (3) It shall be a condition of the making of advances to a development corporation under subsection (1) above that the proposals for development submitted to the Secretary of State under section 7 above shall be approved by the Secretary of State with the Treasury's concurrence as being likely to secure for the corporation a return which is reasonable, having regard to all the circumstances, when compared with the cost of carrying out those proposals.
- (4) For the purpose of enabling the Commission to meet any housing expenditure the Secretary of State may, out of moneys provided by Parliament, make grants to the Commission of such amount as may be approved by the Treasury.
- (5) For the purpose of enabling the Commission—

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- (a) to meet liabilities properly chargeable to capital account (including the provision of working capital), or
- (b) to make good to revenue account sums applied in meeting liabilities so chargeable,

the Secretary of State may (subject to section 60) make to the Commission advances repayable over such period and on such terms as may be approved by the Treasury.

- (6) The Secretary of State may also advance to the Commission any sums required by them to meet a deficit on revenue account, and any such advance shall be repayable over such period and shall be made on such terms as may be approved by the Treasury; but the sum of the amounts outstanding at any one time in respect of the principal of the sums advanced—
- (a) before the commencement of the New Towns Act 1965, under section 3(2) of the New Towns Act 1959,
 - (b) before the commencement of this Act, under section 42(5) of the New Towns Act 1965, and
 - (c) after the commencement of this Act, under this subsection (which corresponds to those subsections),
- shall not exceed £1,000,000.

59 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 Secretary of State's consent and the Treasury's approval, or in accordance with any general authority given by the Secretary of State with the Treasury's approval, 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 Treasury's approval, a development corporation or the Commission may 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.

60 Limit on borrowing by development corporations and Commission

The sum of the amounts outstanding at any one time in respect of the principal of the following sums—

- (a) the sums advanced to development corporations before the commencement of this Act under section 12(1) of the New Towns Act 1946 in its application to England and Wales or under section 42(1) of the New Towns Act 1965,

and, after the commencement of this Act, under section 58(1) above, (which corresponds to those subsections),

- (b) the sums advanced to development corporations before the commencement of the New Towns (Scotland) Act 1968 under that section 12(1) in its application to Scotland (to which section 37(1) of that Act of 1968 corresponds) and, after the commencement of that Act of 1968, under that section 37(1);
- (c) the sums advanced to the Commission before the commencement of this Act under section 3(1) of the New Towns Act 1959 or under section 42(4) of that Act of 1965, and, after the commencement of this Act, under section 58(5) above (which corresponds to those subsections), and
- (d) the sums borrowed (whether by development corporations or by the Commission) before the commencement of this Act under section 42A of that Act of 1965 and, after the commencement of this Act, under section 59 above (which corresponds to that section), or under section 37A of that Act of 1968,

shall not exceed £3,625 million or such greater sum not exceeding £4,000 million as the Secretary of State may by order (to which section 77(5) below shall apply) specify.

61 Provisions supplemental to s.58

- (1) The Treasury may issue to the Secretary of State out of the National Loans Fund such sums as are necessary to enable him to make advances—
 - (a) to a development corporation under section 58(1) above; or
 - (b) to the Commission under section 58(5) or (6),at a rate of interest to be fixed in accordance with the National Loans Act 1968.
- (2) Any sums received by the Secretary of State by way of repayment of or interest on advances under section 58(1), (5) or (6) shall be paid into the National Loans Fund.
- (3) The Secretary of State shall lay before each House of Parliament a statement of any sums payable to him by way of repayment of or interest on any such advances and not duly received by him.

62 Treasury guarantees

- (1) The Treasury may guarantee in such manner and on such conditions as they may think fit—
 - (a) the repayment of the principal of, and
 - (b) 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.
- (3) 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—
 - (a) beginning with that in which the sum is issued, and
 - (b) ending with that in which all liability in respect of the principal of the sum, and in respect of interest on it, is finally discharged,lay before each House of Parliament a statement relating to that sum.

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- (4) Any sums required by the Treasury for fulfilling a guarantee under this section shall be charged on and issued out of the Consolidated Fund.
- (5) 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—
 - (a) payments, of such amounts as the Treasury may so direct, in or towards repayment of the sums so issued; and
 - (b) 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.
- (6) Any sums received under subsection (5) above by the Treasury shall be paid into the Consolidated Fund.

Payments to Secretary of State

63 Secretary of State's general power

- (1) The Secretary of State may direct a development corporation or the Commission to pay to him, on the date specified in the direction, such sum as is so specified, and any sum so received by him shall, subject to section 66(2) below, be paid into the Consolidated Fund.
- (2) Before giving a direction under this section the Secretary of State shall consult the corporation or the Commission, as the case may be.
- (3) The debt shall carry interest at the rate for the time being in force under section 32 of the Land Compensation Act 1961 (or, in Scotland, section 40 of the Land Compensation (Scotland) Act 1963) from the date specified in the direction until payment.
- (4) In the application of this section and sections 64 and 66 below to Scotland, "development corporation" means the same as in the New Towns (Scotland) Act 1968.

64 Disposal of land to comply with direction under s. 63

- (1) Where, in order to comply with a direction under section 63 above, the corporation or Commission considers it desirable to dispose of any land, it may do so by virtue of this section.
- (2) The power of disposal by virtue of this section may be exercised notwithstanding anything in this Act (or, in Scotland, the New Towns (Scotland) Act 1968) but must be exercised in accordance with subsections (3) to (5) below.
- (3) The power shall not be exercised so as to dispose of land by way of mortgage (or, in Scotland, standard security) or charge.
- (4) Without the Secretary of State's consent (given generally or specially), the power shall not be exercised so as to transfer the freehold of land or to grant a lease of land for a term of more than 99 years. In the application of this section to Scotland this subsection has no effect.

- (5) In exercising the power a corporation and the Commission shall comply with such directions as the Secretary of State may give to them—
 - (a) for restricting the exercise of the power ; or
 - (b) for requiring the power to be exercised in any manner specified in the directions.
- (6) Before giving a direction under subsection (5) above the Secretary of State shall consult the corporation or the Commission, as the case may be, unless he is satisfied that because of urgency consultation is impracticable.
- (7) Where a corporation or the Commission purports to dispose of land by virtue of this section, then—
 - (a) in favour of a person claiming under the corporation or Commission, the disposal so purporting to be made shall not be invalid by reason that any consent of the Secretary of State required under this section has not been given or that any direction of his given under this section has not been complied with ; and
 - (b) a person dealing with or claiming under the corporation or Commission shall not be concerned to see or enquire whether any such consent has been given or whether any such direction has been given or complied with.
- (8) References in this section to disposing of land include references to granting an interest in or over land.

65 Disposal of surplus funds

- (1) This section applies where it appears to the Secretary of State, after consultation with the Treasury, and with the Commission or any development corporation, as the case may be, that the Commission or that development corporation have a surplus whether on capital or on revenue account after making allowance by way of transfer to reserve or otherwise for their future requirements, including, in the Commission's case, any contributions required under section 36(3)(b) above.
- (2) The Commission or that corporation, as the case may be, shall, if the Secretary of State after such consultation so directs, pay to the Secretary of State such sum not exceeding the amount of that surplus as may be specified in the direction, and any sum so received by him shall be paid into the Consolidated Fund, subject to section 66(2) below.

66 Payments under ss. 63 and 65 treated as repayments

- (1) The whole or part of any payment made to the Secretary of State under section 63 or section 65 above shall, if the Secretary of State with the Treasury's approval so determines, be treated—
 - (a) as made by way of repayment of such part of the principal of advances—
 - (i) under section 58(1) above, in the case of a development corporation,
or
 - (ii) under section 58(5) and (6), in the case of the Commission, and
 - (b) as made in respect of the repayments due at such times, as may be so determined.

In the application of this subsection to Scotland, for the reference to section 58 of this Act substitute section 37(1) of the New Towns (Scotland) Act 1968.

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- (2) Any sum treated under subsection (1) as a repayment of a loan shall be paid by the Secretary of State into the National Loans Fund.