



Electricity Act 1957

1957 CHAPTER 48

Finances of Electricity Boards and Electricity Council

13 General duty of Boards to balance revenue account

It shall be the duty of the Generating Board and of each of the Area Boards so to perform their functions as to secure that the revenues of the Board are not less than sufficient to meet the outgoings of the Board properly chargeable to revenue account, taking one year with another.

14 Tariffs and special agreements

- (1) The following subsection shall be substituted for subsection (1) of section thirty-seven of the principal Act (which relates to the prices to be charged by the Central Authority):

—
“(1) The prices to be charged by the Generating Board for the supply of electricity by them to Area Boards shall be in accordance with such tariffs as may be fixed from time to time by the Generating Board after consultation with the Electricity Council; and different tariffs may be fixed for different Area Boards”.

- (2) In subsection (3) of the said section thirty-seven (which relates to the prices to be charged by Area Boards), the following words shall be substituted for the words from the beginning of the subsection to the words " fixed from time to time by them " :—

“Subject to the provisions of the Electricity Act, 1957, with respect to railways, the prices to be charged by an Area Board for the supply of electricity by them shall be in accordance with such tariffs as may be fixed from time to time by them after consultation with the Consultative Council established for their area and with the Electricity Council”.

- (3) Where a consumer has requested an Area Board to enter into an agreement with him under subsection (7) of the said section thirty-seven (under which Area Boards are empowered to enter into special agreements with consumers), or to renew an

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agreement entered into under that subsection, or to vary the terms of such an agreement, and the Board—

- (a) have refused to comply with that request, or
- (b) have refused to comply with it except on terms which are not acceptable to the consumer,

the consumer may refer the matter to the Consultative Council established for the area of that Board.

- (4) The grounds on which a consumer may refer a matter to a Consultative Council under the last preceding subsection are as follows, that is to say.—
 - (a) where the consumer's request to the Board to enter into or renew an agreement has been refused, that, owing to special circumstances, the tariffs in force in the area are not appropriate to him ;
 - (b) where the consumer's request to the Board to vary the terms of an agreement have been refused, that, owing to a change of circumstances since the agreement was made, its terms have ceased to be reasonable;
 - (c) in any other case, that the terms proposed by the Board are unreasonable.
- (5) Where a matter is referred to a Consultative Council under subsection (3) of this section, then, without prejudice to any functions of the Consultative Council or of the Electricity Council under section seven of the principal Act.—
 - (a) if it appears to the Consultative Council that the consumer has established to their satisfaction the grounds on which the matter was referred to them, the Council shall notify their conclusions to the consumer and to the Area Board;
 - (b) if it appears to the Consultative Council that the consumer has not so established those grounds, the Council shall notify their conclusions to the consumer;
 - (c) if the consumer is dissatisfied with the conclusions of the Consultative Council, or if (in a case falling within paragraph (a) of this subsection) he claims that the Area Board have failed to give effect to those conclusions, he may refer the matter to the Electricity Council, on the same grounds as those on which the matter was referred to the Consultative Council, subject to any modifications which may be appropriate in view of any subsequent proposal of the Area Board; and
 - (d) if it appears to the Electricity Council, after consultation with the Area Board and with the Consultative Council, that the consumer has established to the satisfaction of the Electricity Council the grounds on which the matter was referred to them, the Electricity Council may give to the Area Board such advice as they may consider appropriate in the circumstances.
- (6) Any reference in this section to a refusal to comply with a request includes a reference to a failure to comply with it within a reasonable time after the request is made.

15 Borrowing powers of Electricity Council, Generating Board and Area Boards

- (1) The Electricity Council, the Generating Board or any Area Board, with the consent of the Minister and with the approval of the Treasury, or in accordance with the terms of any general authority issued by the Minister with the approval of the Treasury, may borrow temporarily, by way of overdraft or otherwise, such sums as the borrowing Council or Board may require for meeting their obligations or performing their functions.

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- (2) The Electricity Council, with the consent of the Minister and the approval of the Treasury, may borrow money by the issue of British Electricity Stock, for all or any of the following purposes, that is to say.—
- (a) the redemption of any British Electricity Stock;
 - (b) the repayment of Exchequer advances made to the Central Authority or to the Electricity Council;
 - (c) the provision of money for meeting any expenditure incurred by the Electricity Council, the Generating Board or any Area Board in connection with any works the cost of which is properly chargeable to capital account;
 - (d) the provision of any working capital required by the Electricity Council, the Generating Board or any Area Board;
 - (e) any other purpose for which capital moneys are properly applicable by the Electricity Council, the Generating Board or any Area Board, including the repayment of money temporarily borrowed by them for any of the purposes, mentioned in this subsection;
 - (f) any other payment which the Electricity Council, the Generating Board or any Area Board are authorised to make and which ought, in the opinion of the Electricity Council, to be spread over a term of years.
- (3) The Electricity Council may raise money, for all or any of the purposes mentioned in the last preceding subsection, by the taking of Exchequer advances from the Minister.
- (4) The Generating Board or any Area Board, after consultation with the Electricity Council, and with the consent of the Minister and the approval of the Treasury, may borrow money by the issue of stock, for all or any of the following purposes, that is to say,—
- (a) the redemption of any stock issued by the Board ;
 - (b) the provision of money for meeting any expenditure incurred by the Board in connection with any works the cost of which is properly chargeable to capital account;
 - (c) the provision of any working capital required by the Board;
 - (d) the discharge of any responsibility allocated to the Board in respect of British Electricity Stock or Exchequer advances, in so far as that responsibility is attributable to the principal of that Stock or of those advances;
 - (e) any other purpose for which capital moneys are properly applicable by the Board, including the repayment of any money temporarily borrowed by the Board for any of the purposes mentioned in this subsection ;
 - (f) any other payment which the Board are authorised to make and which ought in their opinion to be spread over a term of years.
- (5) The aggregate of the amounts outstanding in respect of—
- (a) the principal of any British Electricity Stock issued by the Central Authority, otherwise than for the purpose of paying compensation under Part II of the principal Act whether in stock or cash, and
 - (b) the principal of any Exchequer advances made to the Central Authority or to the Electricity Council, and
 - (c) the principal of any stock issued under this Act, and
 - (d) any temporary loans raised by the Central Authority, the Electricity Council, the Generating Board or any Area Board,

shall not at any time exceed the sum of fourteen hundred million pounds:

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Provided that nothing in this subsection shall prevent the Electricity Council, the Generating Board or any Area Board from borrowing for the purpose of redeeming any stock which they are required or entitled to redeem, or of repaying Exchequer advances, or of repaying any money temporarily borrowed by them.

- (6) Neither the Electricity Council nor the Generating Board nor any Area Board shall borrow any money except in accordance with the preceding provisions of this section.
- (7) In this Act " Exchequer advances " means advances made under section forty-two of the Finance Act, 1956 (which provides for the making of Exchequer advances to nationalised industries and undertakings).

16 Issue of stock

- (1) The Electricity Council may create and issue any stock required for the purpose of exercising their powers under the last preceding section; and any stock so created and issued shall, in common with any British Electricity Stock issued by the Central Authority under the principal Act, be known as British Electricity Stock, and shall be included in the stock referred to by that name in any enactment (including the principal Act and this Act).
- (2) The Generating Board or any Area Board may create and issue any stock required for the purpose of exercising their powers under the last preceding section; and any stock so created and issued by one of those Boards shall be known by the name of that Board followed by the word "Stock ".
- (3) Subject to the provisions of the Third Schedule to the principal Act (which relates to the issue of British Electricity Stock in satisfaction of compensation), British Electricity Stock shall be issued, transferred, dealt with and redeemed upon such terms and in accordance with such provisions as may be prescribed by regulations made by the Minister with the approval of the Treasury; and any such regulations may, in relation to any such stock, apply (with or without modifications) any provisions of the Local Loans Act, 1875, or of any enactments relating to stock issued by a local authority.
- (4) For the purposes of issues of stock by the Generating Board or by Area Boards, provision may be made by regulations made by the Minister with the approval of the Treasury—
 - (a) for empowering the Board issuing any such stock to charge the stock and the interest thereon upon the revenues of the Board, with or without power to charge the stock and the interest thereon upon the undertaking of the Board;
 - (b) for treating the obligations of such a Board under the following provisions of this Act in respect of payments to the Electricity Council, and contributions to the central guarantee fund, as a charge upon the revenues and undertaking of the Board, and for determining how that charge shall rank in relation to any charge upon those revenues or that undertaking created by the Board in connection with any such issue of stock ;
 - (c) for prescribing (subject to any provision made by virtue of the last preceding paragraph) the terms upon which any such stock may be issued, transferred, dealt with or redeemed;
 - (d) for applying (with or without modifications) any provisions of the Local Loans Act, 1875, or of any enactments relating to stock issued by a local authority;

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and different provision may be made by any such regulations in relation to different Boards or in relation to different issues of stock by the same Board.

- (5) The power to make regulations under this section shall be exercisable by statutory instrument; and any instrument containing such regulations shall be subject to annulment in pursuance of a resolution of either House of Parliament.

17 Treasury guarantees

- (1) The Treasury may guarantee, in such manner and on such conditions as they think fit, the redemption or repayment of, and the payment of any interest on.—
- (a) any British Electricity Stock, or
 - (b) any temporary loan raised by the Electricity Council, the Generating Board or any Area Board.
- (2) Any sums required by the Treasury for fulfilling any guarantee given under the preceding subsection, or under section forty-two of the principal Act, shall be charged on and issued out of the Consolidated Fund; and all such sums, together with interest thereon at such rate as the Treasury may determine, shall be repaid to the Treasury by the Electricity Council in such manner and over such period as the Treasury, after consultation with the Minister, may determine.
- (3) Immediately after a guarantee is given under this section, the Treasury shall lay a statement of the guarantee before each House of Parliament.
- (4) Where any sum is issued out of the Consolidated Fund under this section, the Treasury shall forthwith lay before each House of Parliament a statement that that sum has been issued.
- (5) Any sums repaid to the Treasury under subsection (2) of this section shall be paid into the Exchequer.

18 Estimates of Boards' requirements and allocations to them of liabilities in respect of stock

- (1) The Generating Board and each Area Board shall submit to the Electricity Council, at such times as the Council may direct, periodical estimates of the sums that they will require to be provided by means of borrowing by the issue of British Electricity Stock, and shall provide therewith such information as the Electricity Council may require as to the purposes for which those sums will be required; and the Electricity Council shall not proceed to exercise any powers exercisable by them of borrowing for the purpose of defraying expenditure incurred by any such Board in carrying out reorganisation or development unless the Council are satisfied that the reorganisation or development will be in accordance with a general programme settled by the Board and approved by the Minister under subsection (4) of section eight of this Act.
- (2) Where the Electricity Council borrow money by the issue of British Electricity Stock, they shall determine, in accordance with a scheme from time to time settled by the Council with the Minister, after giving to the Generating Board and each Area Board an opportunity to make representations thereon to him, the shares in which the ultimate responsibility for meeting obligations in respect of that issue of stock is to be borne; and the scheme shall provide—
- (a) for allocating to the Electricity Council responsibility in respect of stock issued for the provision of money required by the Council for the performance

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- of their functions, and for allocating to the Generating Board and the Area Boards responsibility in respect of all other stock issued for the purpose of borrowing money, having regard to the extent to which the money is borrowed for the purposes of the respective Boards;
- (b) for allocating to the Generating Board, the Area Boards and the Electricity Council responsibility in respect of any stock issued for the purpose of redeeming or converting British Electricity Stock, in the same proportions as responsibility was allocated in respect of the stock to be redeemed or converted.
- (3) The Generating Board and each Area Board shall, at such times as may be directed by the Electricity Council, pay to the Council—
- (a) such sums as may be necessary to enable the Council to make any payments, or to refund to themselves any payments made, in respect of interest on or the redemption of British Electricity Stock, including payments into a sinking fund, in so far as the payments are attributable to stock for which the Generating Board or Area Board, as the case may be, are ultimately responsible under this section, and
- (b) such contributions towards the expenses incurred by the Electricity Council in issuing any British Electricity Stock, and in managing that stock, as bear to the total expenses so incurred the same proportion as the amount of the stock in respect of which the Board in question are ultimately responsible under this section bears to the total amount of the stock.
- (4) The preceding provisions of this section shall apply in relation to the raising of money by the taking of Exchequer advances as they apply in relation to the borrowing of money by the issue of British Electricity Stock; and accordingly references in those provisions to borrowing money, to British Electricity Stock or an issue of such stock, to issuing such stock, or to redeeming or converting such stock, shall be construed as including references to the raising of money, to Exchequer advances, to the taking of such advances, or to repaying such advances, as the case may be.

19 Central guarantee fund

- (1) The Electricity Council shall establish and maintain a fund, which shall be known as the central guarantee fund, for the following purposes, that is to say:—
- (a) in the event of any temporary inability on the part of the Electricity Council, the Generating Board or any Area Board to discharge their obligations in respect of the payment of interest on, or the redemption or repayment of, any British Electricity Stock or Exchequer advances or any temporary loan, for enabling the payment in question to be made out of the fund;
- (b) for repaying to the Treasury any payments made by them for the purpose of fulfilling any guarantee given by the Treasury under section seventeen of this Act, or under section forty-two of the principal Act;
- and the moneys in the central guarantee fund shall not be applied for any other purposes.
- (2) The Generating Board and each of the Area Boards shall in each financial year contribute to the central guarantee fund such sums as the Electricity Council, with the approval of the Minister and the Treasury, may from time to time determine, including any sums required to make good payments out of the fund for the purposes mentioned in the preceding subsection:

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Provided that—

- (a) the aggregate of the sums standing to the credit of the central guarantee fund shall not at any time exceed the sum of twenty million pounds ;
 - (b) the aggregate of the sums contributed to the central guarantee fund, excluding any sums required to make good payments out of the fund, shall not in any financial year exceed the sum of four million pounds.
- (3) If the Electricity Council propose to determine any sums to be contributed under the last preceding subsection, but the Minister and the Treasury do not approve the proposal, the Minister, with the approval of the Treasury, may himself determine the sums to be so contributed.
 - (4) The Electricity Council, for the purpose of correcting from time to time, having regard to changed circumstances, the extent of the contributions made by the Electricity Boards to the central guarantee fund under this section, may, with the approval of the Minister and the Treasury, repay out of the fund to any such Board any part of those contributions previously made by that Board.
 - (5) All moneys in the central guarantee fund, which are not for the time being required to be applied for the purposes of the fund, shall be invested in such securities of Her Majesty's Government in the United Kingdom, or such securities guaranteed by the Treasury, as may be determined by the Electricity Council with the approval of the Minister and the Treasury.
 - (6) Any interest arising from the investment of moneys in the fund shall be paid into the fund, except when the sums standing to the credit of the fund have reached the sum of twenty million pounds, and shall in that case be distributed among the Generating Board and the Area Boards in such shares as may be determined by the Electricity Council, having regard to the extent of their respective contributions to the fund.
 - (7) If the Generating Board or any Area Board fail to discharge their obligations in respect of any such payments as are referred to in paragraph (a) of subsection (1) of this section, or in respect of contributions which they are required to make to the central guarantee fund, the Electricity Council, with the approval of the Minister, may give directions to that Board with respect to the management or policy of the Board, including tariffs and other financial matters, during such period as the Minister after consultation with the Electricity Council and the Board may determine, being a period which extends at least until those obligations (including any contributions required to be made to the central guarantee fund in respect of the default) have been met.

20 Reserve funds

- (1) The Generating Board shall establish and maintain a general reserve fund for the purposes of that Board, which shall be known as the generating reserve fund.
- (2) Every Area Board shall establish and maintain (or, in the case of a fund established before the coming into operation of this section, shall continue to maintain) a general reserve fund for the purposes of the Board, which shall be known as an area reserve fund.
- (3) Subject to the following provisions of this section, the Generating Board shall contribute to the generating reserve fund, and each Area Board shall contribute to the area reserve fund maintained by them, to such extent as the Board maintaining the fund may from time to time determine.

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- (4) The management of the generating reserve fund, and of every area reserve fund, and the application of the moneys comprised therein, shall, subject to the next following subsection, be as the Board maintaining the fund may determine:

Provided that no part of any such fund shall be applied otherwise than for the purposes of the Board maintaining the fund.

- (5) The power of the Minister under section eight of this Act to give directions to any of the Electricity Boards in England and Wales as to the performance of their functions shall extend to the giving to them of directions (whether of a general or a specific character) as to—
- (a) any matter relating to the establishment or management of a fund which the Board are required to maintain under this section, or
 - (b) the making of contributions to such a fund, or
 - (c) the application of any moneys comprised in such a fund;
- but no directions shall be given by the Minister as to a matter falling within paragraph (a), paragraph (b) or paragraph (c) of this subsection except with the approval of the Treasury.
- (6) The preceding provisions of this section shall be without prejudice to the power of the Generating Board or any Area Board to establish appropriate reserves for replacements or other purposes ; but with respect to the management and application of any such reserves the Generating Board or an Area Board shall act in accordance with any directions given by the Minister after consultation with the Treasury.
- (7) It is hereby declared that one of the purposes of the generating reserve fund and the area reserve funds is the prevention of frequent fluctuations in the charges made by the Generating Board and the Area Boards, and the powers of those Boards in relation to those funds shall be exercised accordingly.
- (8) Section forty-three of the principal Act (which contains provisions as to reserve funds, including provisions as to the maintenance of a central reserve fund) shall cease to have effect.

21 Contributions by Electricity Boards to expenses of Electricity Council

- (1) The Electricity Council may require any of the Electricity Boards in England and Wales from time to time to contribute such sums as the Council, with the approval of the Minister, may determine, towards meeting the expenses of the Council; and every Electricity Board shall comply with any requirement of the Electricity Council under this subsection.
- (2) Without prejudice to the generality of the preceding subsection, the expenses referred to in that subsection shall be taken to include the satisfaction of any obligations of the Electricity Council in respect of—
- (a) compensation to members and officers of the Central Authority;
 - (b) payments under Part V of the Local Government Act, 1948, for the benefit of local authorities ;
 - (c) income tax or the profits tax ;
 - (d) payments to local authorities in pursuance of section twenty-three of this Act.

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22 Application of surplus revenues of Electricity Boards

- (1) Any excess, for any financial year, of the revenues of any of the Electricity Boards in England and Wales over their outgoings for that year properly chargeable to revenue account shall, subject to the following provisions of this section, be applied for such purposes of the Board as the Board may determine.
- (2) The power of the Minister under section eight of this Act to give directions to any of the Electricity Boards in England and Wales as to the performance of their functions shall extend to the giving to them, with the approval of the Treasury, of directions (whether of a general or a specific character) as to the application of any such excess of revenues over outgoings.

23 Compensation to local authorities

- (1) Any sum which, if the Central Authority had continued to exist, would, at a time on or after the vesting date, have become payable by or to that Authority under section twenty-two of the principal Act (which relates to compensation to local authorities in respect of the undertakings transferred to Electricity Boards under that Act) shall be payable by the Electricity Council, or to that Council, as the case may be.
- (2) The provisions of subsections (4) and (5) of the said section twenty-two (which contain supplementary provisions for the purposes of that section) shall apply in relation to payments under this section as, in the circumstances mentioned in subsection (1) of this section, they would have applied to the payments to be made by or to the Central Authority.

24 Provisions as to income tax and profits tax

- (1) For the purposes of the enactments relating to income tax, and of the enactments relating to the profits tax, the Electricity Council shall be treated as carrying on a trade or business ; and, subject to the following provisions of this section, those enactments—
 - (a) shall have effect, and shall be deemed always to have had effect, as if the trade or business carried on by the Central Authority at any time before the vesting date had been the trade or business of the Electricity Council;
 - (b) shall have effect, and shall be deemed always to have had effect, as if any reference in those enactments to the Central Authority were a reference to the Electricity Council; and
 - (c) shall have effect, in relation to any time on or after the vesting date, as if any reference in those enactments to an Area Board included a reference to the Generating Board.
- (2) For the purposes of the enactments relating to income tax, the trade carried on by the Central Authority shall not be treated as permanently discontinued on the vesting date, nor shall a new trade be treated as set up and commenced on that date by the Generating Board or the Electricity Council.
- (3) For the avoidance of doubt it is hereby declared that nothing in paragraph (b) of subsection (1) of this section shall be taken to affect the construction, in section forty of the Finance Act, 1947 (which relates to profits tax in respect of nationalised undertakings), of any reference to the principal Act; but the said paragraph (b) shall apply in relation to any reference in the said section forty to the Authority constituted

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by the principal Act, as it applies in relation to other references to the Central Authority in the enactments relating to the profits tax.

- (4) For the purposes of the operation of the enactments relating to income tax and to the profits tax respectively in accordance with the preceding provisions of this section, the Electricity Council shall be deemed to have been in existence as from the first day of April, nineteen hundred and forty-eight, and anything done by, to or in relation to the Central Authority, whether before or after the passing of this Act, shall be treated as if it had been done by, to or in relation to the Electricity Council.