
 STATUTORY INSTRUMENTS

1977 No. 1386

COMPANIES

**The Industrial Common Ownership (Loans)
Regulations 1977**

<i>Made - - - -</i>	<i>9th August 1977</i>
<i>Laid before Parliament</i>	<i>17th August 1977</i>
<i>Coming into Operation</i>	<i>1st October 1977</i>

The Secretary of State, in exercise of his powers under section 1(3) of the Industrial Common Ownership Act 1976(a) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Industrial Common Ownership (Loans) Regulations 1977 and shall come into operation on 1st October 1977.

(2) The Interpretation Act 1889(b) shall apply for the interpretation of these Regulations as it applies for the interpretation of an Act of Parliament.

(3) In these Regulations:

“the Act” means the Industrial Common Ownership Act 1976;

“grant assisted loan” means a loan made by a relevant body in whole or in part out of moneys lent or granted to it by the Secretary of State under section 1(2) of the Act;

“independent trade union” has the meaning assigned to it by section 30(1) of the Trade Union and Labour Relations Act 1974(c);

“manufacturing industry” means, subject to paragraph (5) below, activities which are described in any of the minimum list headings in Orders III to XIX (inclusive) of the Standard Industrial Classification;

“relevant trade union” means an independent trade union which the common ownership enterprise, or as the case may be, the co-operative enterprise concerned recognises for the purposes of negotiations relating to or connected with one or more of the matters specified in section 29(1) of the Trade Union and Labour Relations Act 1974, or as to which the Advisory Conciliation and Arbitration Service has made a recommendation for such recognition under the Employment Protection Act 1975(d) which is operative within the meaning of section 15 of that Act;

“representative” means an official or other person who is authorised by a relevant trade union or, as the case may be, an independent trade union to carry on negotiations relating to or connected with one or more of the matters specified in section 29(1) of the Trade Union and Labour Relations Act 1974; and

(a) 1976 c. 78.

(b) 1889 c. 63.

(c) 1974 c. 52.

(d) 1975 c. 71.

“Standard Industrial Classification” means, subject to paragraph (4) below, the revised edition published by Her Majesty’s Stationery Office in 1968 of the publication of that name prepared by the Central Statistical Office.

(4) Where in the case of any minimum list heading in Orders III to XIX of the Standard Industrial Classification the title of the heading is not accompanied by a description of the industries or services included therein, the heading shall be construed as referring only to the manufacture of the goods specified in that title.

(5) In determining the extent to which an enterprise is engaged in manufacturing industry, the following activities shall be treated as manufacturing industry in so far as they relate to products manufactured or to be manufactured by the enterprise:—

research,
transport,
distribution,
repair and maintenance of machinery,
sales and marketing,
storage,
mining and quarrying,
production and distribution of energy and heating,
administration,
training of staff,
packaging.

Persons to whom Grant Assisted Loans may be made

2.—The persons to whom a relevant body may make grant assisted loans are:—

- (a) a common ownership enterprise which is wholly or mainly engaged in manufacturing industry; and
- (b) a co-operative enterprise which is so engaged.

Purpose for which Grant Assisted Loans may be made

3.—(1) A relevant body may not make grant assisted loans except for the purpose of satisfying, in whole or in part, the fixed and working capital requirements of the recipient of the loan in respect of an identified project of that recipient.

(2) Before making a grant assisted loan in respect of any such project, a relevant body shall satisfy itself that that project has a reasonable prospect of success, and if is not so satisfied, it shall make no grant assisted loan in respect of that project.

Limit on Grant Assisted Loans

4.—(1) A relevant body shall not make a grant assisted loan in a sum exceeding £7,500 without the prior written approval of the Secretary of State.

(2) The Secretary of State may give his approval subject to such conditions as he sees fit.

Security for Grant Assisted Loans

5.—(1) Subject to paragraph (2) below, a relevant body shall not make a grant assisted loan otherwise than on security adequate to secure repayment thereof.

(2) If a relevant body is satisfied that the prospects of success of a project in respect of which a grant assisted loan is sought would be seriously jeopardized if the body were to insist upon adequate security for the loan, the body may dispense, in whole or in part, with security for that loan.

Interest on and Repayment of Grant Assisted Loans

6.—(1) A relevant body shall charge interest on a grant assisted loan at a rate not lower than such rate as the Secretary of State may from time to time with the consent of Treasury specify.

(2) A relevant body shall impose the following conditions on a grant assisted loan:—

- (a) interest on a grant assisted loan and repayments of the principal thereof shall be payable at equal intervals of not longer than twelve months;
- (b) the first payment of interest on, and the first repayment of the principal of a grant assisted loan shall become payable not more than twelve months from the date of making of the loan, or, where the loan is made by instalments, from the date of payment of the last instalment;
- (c) all principal moneys of a grant assisted loan shall be repaid not more than five years from the date of making of the loan or, where the loan is made by instalments, from the date of payment of the first instalment.

(3) In a case where a relevant body is satisfied, having regard to the nature of the project in respect of which a grant assisted loan is made, to the circumstances of the recipient of that loan and to all other circumstances of the case, that that project's prospects of success would be seriously jeopardized if payment of interest were required as it became payable, it may, subject to paragraph (4) below, make the loan on terms that interest thereon for a term not exceeding three years from the making of the loan, or, as the case may be, from the payment of the first instalment, shall be treated as an accretion to the principal of the loan.

(4) Where a relevant body makes a grant assisted loan on terms permitting the accretion of interest to principal in accordance with paragraph (3) above, it shall, subject to paragraph (2) of Regulation 5 above, ensure that the security obtained for that loan is adequate to secure the repayment of the principal thereof as augmented by such accretion, and the payment of interest thereon.

Trade Union Consultation

7.—Before making a grant assisted loan, a relevant body shall consult—

- (a) a representative of each relevant trade union; and
- (b) a representative of each other independent trade union appearing to the body to represent workers whose interests appear to the body likely to be affected by the making of a grant assisted loan

with a view to ascertaining the views of that union as to the grant assisted loan.

9th August 1977.

Bob Cryer,
Parliamentary Under-Secretary of State,
Department of Industry.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations make provision with respect to the circumstances in which, the purposes for which and the terms upon which a relevant body, as defined in section 1(5) of the Industrial Common Ownership Act 1976, may lend money granted or lent to it by the Secretary of State under section 1(2) of that Act.

SI 1977/1386
ISBN 0-11-071386-9

