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STATUTORY INSTRUMENTS

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**1994 No. 1422**

**COAL INDUSTRY**

**The Coal Industry (Restructuring Grants) Order 1994**

*Made* - - - - 25th May 1994

*Coming into force* - - 28th May 1994

The Secretary of State, in exercise of the powers conferred upon him by section 3(2)(a), (3), (4) (a) and (6) of the Coal Industry Act 1987(1) and with the approval of the Treasury, hereby makes the following Order, a draft of which has been laid before the House of Commons and has been approved by that House in accordance with section 3(10) of that Act:

1. This Order may be cited as the Coal Industry (Restructuring Grants) Order 1994 and shall come into force on the third day after the day on which it is made.

2. In this Order, unless the context otherwise requires—

“the 1994/95 financial year” means the financial year of the British Coal Corporation ending in March 1995;

“the Act” means the Coal Industry Act 1987;

“chargeable costs” means costs which fall to be charged to a consolidated profit and loss account of the Corporation and their subsidiaries prepared in accordance with a direction given under section 8(1) of the Coal Industry Act 1971(2) for the 1994/95 financial year;

“the Corporation” means the British Coal Corporation;

“employees” means employees of a relevant company;

“payments” means periodical or lump sum payments;

“relevant company” means the Corporation and their wholly-owned subsidiary British Coal Enterprise Limited and the expression “relevant companies” shall be construed accordingly;

and references to payments, contributions or expenditure are references to payments, contributions or expenditure by a relevant company.

3. The 1994/95 financial year shall be a specified financial year for the purposes of section 3(4) (a) of the Act.

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(1) 1987 c. 3; section 3(4)(a) has been amended by the Coal Industry Act 1990 (c. 3), section 2(2) and the Coal Industry Act 1992 (c. 17), section 1(2) and section 3(6) has been amended by the Coal Industry Act 1990, section 2(3) and the Coal Industry Act 1992, section 1(3).

(2) 1971 c. 16.

4. The kinds of expenditure specified in the Schedule to this Order shall be specified kinds of expenditure for the purposes of section 3(2)(a) of the Act in relation to the 1994/ 95 financial year.

5.—(1) The maximum amount which may be paid under section 3 of the Act by way of grant in respect of the 1994/95 financial year in relation to the kinds of expenditure specified under a Head in the Schedule to this Order is that sum which represents 90 per cent. of—

- (a) the relevant amount of costs specified in paragraph (2) below; or
- (b) if a larger amount has been agreed in respect of those costs for the purposes of section 3(2) (b) of the Act, that larger amount.

(2) For the purposes of paragraph (1)(a) above the relevant amount of costs is—

- (a) in the case of Heads 1, 2 and 5, the total amount of chargeable costs of the relevant companies which are related to the kinds of expenditure specified under the Head in question; and
- (b) in the case of Head 6, the total amount of chargeable costs of the Corporation's wholly-owned subsidiary British Coal Enterprise Limited which are related to the kinds of expenditure specified under that Head less the total amount of any chargeable costs of that subsidiary which are related to the kinds of expenditure specified under Heads 1, 2 and 5.

6. The limit specified in section 3(6) of the Act (limit on the aggregate of grants made under section 3(1)) is increased from £2,500 million to £3,000 million.

21st May 1994

*Tim Eggar*  
Minister for Energy  
Department of Trade and Industry

We approve,

25th May 1994

*Nicholas Baker*  
*Andrew MacKay*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

## SCHEDULE

Articles 4 and 5

### KINDS OF EXPENDITURE

#### **Head 1: Redundancy and early retirement**

- (i) Payments in respect of redundant employees made under section 81 of the Employment Protection (Consolidation) Act 1978<sup>(3)</sup>.
- (ii) Payments in lieu of notice of dismissal made to persons leaving the employment of a relevant company by virtue of redundancy.
- (iii) Payments made for the purpose of assisting persons who leave the employment of a relevant company by virtue of redundancy or early retirement, being payments made under arrangements established by a relevant company.
- (iv) Payments in respect of the loss of superannuation prospects by persons leaving the employment of a relevant company by virtue of redundancy or early retirement.
- (v) Contributions to superannuation funds maintained by virtue of section 37 of the Coal Industry Nationalisation Act 1946<sup>(4)</sup> in respect of any increase in the cost of retirement benefits paid before normal retirement age to persons who leave the employment of a relevant company by virtue of redundancy or early retirement.

#### **Head 2: Changes of work and place of employment**

- (vi) Payments to or for the benefit of employees in connection with their removal or resettlement (with or without their dependants) by virtue of their place of employment being changed.
- (vii) Payments to local authorities and housing associations for the provision of housing for employees on account of their place of employment being changed.
- (viii) Expenditure on providing travel allowances or transport for employees on account of their place of employment being changed.
- (ix) Payments made to supplement temporarily the earnings of employees on account of their place of employment being changed.
- (x) Payments made to compensate employees temporarily for any reduction in their earnings resulting from the nature of their work being changed.

#### **Head 5: Retraining**

- (xi) Expenditure on the provision of retraining for persons who are to leave or have left the employment of a relevant company by virtue of redundancy or incapacity, being retraining provided under arrangements established by a relevant company.

#### **Head 6: New Employment**

- (xii) Payments made under arrangements for the Corporation to reimburse their wholly-owned subsidiary British Coal Enterprise Limited for losses incurred by it in promoting new employment in coal mining areas or new employment for such persons as are mentioned in paragraph (xi) above (whether in such areas or elsewhere).

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<sup>(3)</sup> 1978 c. 44, section 81(4) was amended by the Employment Act 1982 (c. 46), section 20 and Schedule 2, paragraph 6(2).

<sup>(4)</sup> 1946 c. 59.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order concerns the making of grants by the Secretary of State to the British Coal Corporation under section 3 of the Coal Industry Act 1987 (grants for workforce redeployment and reduction, etc.).

Article 3 specifies the financial year of the Corporation ending in March 1995 as a year in respect of which such grants may be made.

Article 4 provides for the kinds of expenditure specified in the Schedule to the Order to rank as eligible expenditure of the Corporation and their wholly-owned subsidiary British Coal Enterprise Limited in relation to the financial year.

Article 5 sets a limit on the amount which may be advanced in relation to the financial year with respect to each Head of expenditure specified in the Schedule. The limit is 90 per cent. of the relevant costs appearing in the consolidated profit and loss account or 90 per cent. of such larger amount as may be agreed by the Secretary of State and the Corporation with the approval of the Treasury.

Article 6 increases the limit on the aggregate amount of grants which may be made under section 3 of the 1987 Act from £2,500 million to £3,000 million.