



Government Trading Funds Act 1973

1973 CHAPTER 63

An Act to enable certain services of the Crown to be financed by means of trading funds established in pursuance of orders made by the responsible Minister with Treasury concurrence; to make consequential provision (in the event of a trading fund being established for the Mint) as to sums received by, or due from, the Treasury in respect of the coinage; and to amend the Coinage Act 1971 in respect of the establishment and operations of the Mint. [25th October 1973]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Establishment of trading funds for certain services of the Crown

- (1) In the case of any of the Crown services to which this Act applies, the responsible Minister, if it appears to him expedient in the interests of the improved commercial operation and public accountability of that service, may by order direct that, as from a day appointed by the order, the operations of the service or such of its operations as the order prescribes shall be financed by means of a trading fund established with public money, instead of by means of annual votes and appropriations.
- (2) The making of an order under this section shall require the concurrence of the Treasury.
- (3) This Act applies to the following Crown services, namely—
 - (a) the Royal Ordnance Factories;
 - (b) the Royal Dockyards;
 - (c) the Royal Mint;
 - (d) Her Majesty's Stationery Office;
 - (e) the service which is known at the passing of this Act as the Supplies Division of the Property Services Agency of the Department of the Environment and is concerned with the provision of goods and services to government departments and other agencies in the public domain; and

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- (f) any other service, managed by a Minister of the Crown or a government department, in whose case the responsible Minister and the Treasury are satisfied that its operations consist of or include trading operations or operations in the nature of trading (whether with the public at large or with government departments, or otherwise) and are suitable to be financed by means of a trading fund.
- (4) Where, in accordance with subsection (1) above, the responsible Minister proposes to direct that any of the operations of a service falling within subsection (3)(f) above shall be financed by means of a trading fund he shall, if he considers that those operations consist substantially of the provision of goods and services in the United Kingdom otherwise than to government departments, consult such persons as appear to him to be appropriate.
- (5) In accordance with section 2 below, the capital of a trading fund shall be provided by way of loan from the National Loans Fund, subject to the provision made—
 - (a) by section 2(2) and (6) with respect to public dividend capital and the return on it; and
 - (b) by section 3, as to the payments which are to be made into and out of the trading fund.
- (6) For the purposes of this Act, " the responsible Minister " in relation to any Crown service, is the Minister of the Crown who is for the time being responsible for the administration of the service; and, in relation to a trading fund, "the funded operations " are the operations which are to be financed by means of the fund.

2 Finance

- (1) With a view to the establishment of a trading fund for any service, or to the making and implementation of any further order extending the funded operations, the responsible Minister shall with Treasury concurrence determine what Crown assets and liabilities are properly attributable to those operations and provide for their appropriation as assets and liabilities of the fund at values determined by him in accordance with Treasury directions.
- (2) The amount of the difference between the values of assets and liabilities appropriated to the fund from time to time, less such amount (if any), as the order establishing the fund, or any such further order, may designate as public dividend capital ranking as an asset of the Consolidated Fund, shall be deemed to have been issued to the trading fund by way of loan from the National Loans Fund; and this shall be the originating debt of the trading fund or, on the making of any such further order, shall be added to the amount of that debt.
- (3) There may be issued out of the National Loans Fund, by way of further loan, any sums required for the funded operations; but the order establishing the trading fund shall limit the amounts to be issued under this subsection by specifying the maximum amount by which the total indebtedness of the trading fund to the National Loans Fund in respect of principal (whether indebtedness under subsection (2) above or this subsection) may at any one time exceed the originating debt of the trading fund.
- (4) The limit imposed for the purposes of subsection (3) above may be increased (but not reduced) from time to time by order made by the responsible Minister with Treasury concurrence; but the aggregate of the limits in force in respect of all trading funds shall not exceed £250 million at any one time.

- (5) The amount of any loan from the National Loans Fund to the trading fund (whether under subsection (2) or (3)) shall be repaid at such times and by such methods, and interest on the loan shall be paid at such rates and at such times, as the Treasury may determine.
- (6) In the case of a trading fund comprising public dividend capital designated under subsection (2) above, there shall in respect of a financial year be paid out of the fund into the Consolidated Fund such sums (if any) by way of return on that capital and its reserves as the responsible Minister may determine, with Treasury concurrence, having regard to any balance in the fund at the end of that year and the amount of the balance which appears to the responsible Minister and the Treasury to be in the nature of trading profit.

3 Payments into, and out of, a trading fund

- (1) So long as any operations of a Crown service are financed by means of a trading fund—
 - (a) there shall be paid into the fund all such sums as consist of, or represent, payments or finance for the provision of relevant goods and services, whether provision to government departments (including the department of the responsible Minister) or to others whether in or outside the public domain; and
 - (b) there shall be paid out of the fund all expenditure incurred by the responsible Minister in respect of the provision of relevant goods and services;and in this subsection " relevant goods and services " means all goods and services which those operations are directed to providing.
- (2) Without prejudice to subsection (1)(b) above, there shall be paid out of the trading fund into the Consolidated Fund such sums as may be appropriate as representing accruing liabilities of the Minister for the Civil Service in respect of pensions, gratuities and other similar benefits for persons who have been employed in the funded operations and in respect of the administrative expenses attributable to those liabilities and their discharge; and
 - (a) where for the fund that Minister is the responsible Minister, it shall be for him to determine the sums payable under this subsection; and
 - (b) in other cases it shall be for the responsible Minister to determine them in agreement with the Minister for the Civil Service,subject however in either case to any directions given by the Treasury as to the amount of any payment or the time at which it is to be made.
- (3) The enactments relating to public receipts, expenditure and accounting shall have effect subject to the foregoing provisions of this section, except as may be directed by the Treasury from time to time; and if any question arises whether any particular sums are required by those provisions to be paid into, or out of, the trading fund, that question shall be determined by the Treasury.

4 Management and accounting

- (1) A trading fund established under this Act for any Crown service shall be under the control and management of the responsible Minister; and in the discharge of his functions in relation to the fund it shall be his duty—

- (a) to manage the funded operations so that the revenue of the fund is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
 - (b) to achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
- (2) With Treasury concurrence, the responsible Minister may establish and maintain general, capital and other reserves in the accounts of the trading fund.
- (3) If at any time it appears to the responsible Minister that any amount standing in the reserves of the trading fund is surplus to any foreseeable requirements of the funded operations, and he so directs with Treasury concurrence, that amount shall be paid into the Consolidated Fund.
- (4) In the case of a trading fund not comprising public dividend capital designated under section 2(2) above, any excess of the revenues of the fund for a financial year over the total sums properly chargeable to revenue account for that year shall be applied by the responsible Minister for such purposes of the funded operations as he may determine with Treasury concurrence, or the whole or part of the excess may, if he so directs (with that concurrence), be paid into the Consolidated Fund.
- (5) Any money in the fund which appears to the responsible Minister not to be immediately required for the funded operations may be invested by him in such securities of the Government of the United Kingdom or of the Government of Northern Ireland as the Treasury may approve, including Treasury Bills and Ways and Means advances.
- (6) The Treasury shall appoint an accounting officer for the fund, with responsibility for keeping its accounts and proper records in relation thereto, and preparing and signing a statement of the accounts in respect of each financial year; and—
 - (a) the annual statement of accounts shall be in a form approved by the Treasury and contain such additional information with respect to financial results in the previous year as the Treasury may require to be provided for the information of Parliament; and
 - (b) the statement in respect of each financial year shall, on or before 30th November next following the end of that year, be transmitted to the Comptroller and Auditor General, who shall examine and certify the statement and lay copies thereof, together with his report thereon, before Parliament.
- (7) As respects any financial year during the whole of which the operations of a service are financed by means of a trading fund established under this Act, section 5 of the Exchequer and Audit Departments Act 1921 (preparation and examination of accounts of trading services conducted by government departments) shall not apply to that service; but otherwise subsection (6) above is without prejudice to anything in that Act or the Exchequer and Audit Departments Act 1866.

5 Provisions as to the coinage

If a trading fund is established under this Act for the Mint, then as from the day appointed in relation to the fund under section 1(1) of this Act—

- (a) any sums received by or on behalf of the Treasury in respect of coin issued for circulation shall be paid into the Consolidated Fund; and

- (b) any sums due from the Treasury as payment for coin withdrawn from circulation shall be charged on and issued out of that Fund.

6 Orders

- (1) Orders made in the exercise of any power conferred by this Act shall be made by statutory instrument and may be varied or revoked by a further order made under the power.
- (2) No order under section 1 above shall be made unless a draft of a statutory instrument containing it has been laid before the House of Commons and approved by a resolution of that House.
- (3) An order under section 2(4) above, if not contained in a statutory instrument of which a draft has been approved by a resolution of the House of Commons, shall be subject to annulment in pursuance of a resolution of that House.
- (4) Where by virtue of subsection (4) of section 1 above a Minister has held consultations in relation to proposals for the financing of any operations of a service by means of a trading fund, he shall, before laying, in accordance with subsection (2) above, a draft instrument containing the order giving effect to those proposals, lay a report of the results of those consultations, and of his conclusions, before Parliament.

7 The Mint

- (1) For purposes of this Act the Chancellor of the Exchequer is to be regarded as the Minister responsible for the administration of the Mint; and this Act, so far as it requires the concurrence of the Treasury for the making of orders, or for anything to be done under or for the purposes of section 2 or 4, does not apply to him as responsible Minister in relation to the Mint.
- (2) In section 4 of the Coinage Act 1971 (which relates to the constitution and functions of the Mint), the following shall be substituted for subsection (2)—
 - “(2) There shall be a deputy master of the Mint, appointed by the Treasury”;
 - and subsections (3) and (4) are hereby repealed; and subsections (6) and (7) (expenses and receipts) shall not have effect for so long as any operations of the Mint are financed by means of a trading fund.
- (3) Section 5 of the said Act of 1971 (coining of bullion taken to the Mint) is hereby repealed.
- (4) In section 9(1) of the said Act of 1971 (prohibition of coins and tokens not issued by authority) for the words " by or with the authority of the Mint" there shall be substituted the words " with the authority of the Treasury ".
- (5) Notwithstanding anything in the enactments relating to the assay of gold and silver plate, the Mint may make a reasonable charge for any work done at the Mint in accordance with those enactments. This subsection is hereby repealed as from 1st January 1975 (the date of the coming into force of superseding provisions of the Hallmarking Act 1973); and section 38(2) of the Interpretation Act 1889 shall apply to this repeal as if this subsection had been repealed by another Act.

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8 Citation

This Act may be cited as the Government Trading Funds Act 1973.