



# New Towns and Urban Development Corporations Act 1985

## 1985 CHAPTER 5

### *Financial provisions*

#### **8 Powers to effect financial reconstruction**

(1) After section 62 of the New Towns Act 1981 there shall be inserted the following—

#### *“Financial reconstruction*

##### **62A Power to extinguish loan obligations of development corporations.**

- (1) The Secretary of State may, with the Treasury's consent, by order extinguish to such extent as may be specified in the order any liabilities of a development corporation in respect of advances made by him to the corporation under section 58(1) or the corresponding provisions of the 1946 Act or the 1965 Act.
- (2) The aggregate amount of liabilities extinguished by order under this section shall not exceed £1,750 million.
- (3) Where liabilities are extinguished under this section the assets of the National Loans Fund shall be reduced by amounts corresponding to the liabilities so extinguished.
- (4) No order shall be made under this section after 30th September 1986.
- (5) No order shall be made under this section unless a draft of the order has been laid before, and approved by a resolution of, the House of Commons.
- (6) In this section—
  - (a) 'the 1946 Act' means the New Towns Act 1946 and the provision of it corresponding to section 58(1) is section 12(1); and
  - (b) 'the 1965 Act' means the New Towns Act 1965 and the provision of it corresponding to section 58(1) is section 42(1).

**62B Power to suspend loan obligations of development corporations and Commission.**

- (1) The Secretary of State may, with the Treasury's consent, by order specify any new town development loan as a loan the repayment of which to the Secretary of State (and subsequently into the National Loans Fund) is to be suspended by virtue of this section for such period (the period of suspension ' ) as is specified in the order.
- (2) The power extends to new town development loans made to development corporations and to new town development loans made to the Commission.
- (3) Where a loan is specified by an order under subsection (1) above—
  - (a) the terms of the loan shall have effect as if any payment by way of repayment of or interest on the loan which (apart from this section) would fall due at any time within the unexpired period for repayment of the loan fell due instead at the corresponding time within the period of the same duration beginning at the end of the period of suspension ;
  - (b) no interest shall accrue in respect of the loan during the period of suspension ; and
  - (c) the borrower shall assume during the period of suspension such obligations as the Secretary of State may impose by directions under the order as regards the achieving of financial objectives, the obtaining of his approval for proposed expenditure and the provision of information about the borrower's present or future financial position.
- (4) No order shall be made under subsection (1) above effecting a suspension of an outstanding loan of a development corporation if an order has been made under section 62A above extinguishing a liability of that development corporation.
- (5) The aggregate amount of new town development loans suspended by order under subsection (1) above shall not exceed £950 million or such greater sum, not exceeding £1,300 million, as the Secretary of State may by order specify.
- (6) No order shall be made under subsection (5) above unless a draft of it has been laid before, and approved by a resolution of, the House of Commons.
- (7) No order shall be made under this section after 31st March 1996.
- (8) In this section—
  - (a) ' new town development loan ' means—
    - (i) as regards a development corporation, any sum advanced by the Secretary of State to the corporation under section 58(1) above or the corresponding provisions of the 1946 Act or the 1965 Act;
    - (ii) as regards the Commission, any sum advanced by the Secretary of State to the Commission under section 58(5) above or the corresponding provisions of the 1959 Act or the 1965 Act or any new town development loan transferred from a development corporation to the Commission under Schedule 10 to this Act; and

(b) ' the unexpired period for repayment of the loan', in relation to any loan specified by an order under this section, means the period beginning with the date specified in the order as the date of the beginning of the period of suspension and ending with the date which (apart from this section) would be the last date on which any payment by way of repayment of or interest on the loan would fall due under the terms of the loan.

(9) For the purposes of subsection (8)(a) above—

' the 1946 Act ' means the New Towns Act 1946 and the provision of it corresponding to section 58(1) is section 12(1);

'the 1959 Act' means the New Towns Act 1959 and the provision of it corresponding to section 58(5) is section 3(1); and

' the 1965 Act' means the New Towns Act 1965 and the provisions of it corresponding to section 58(1) and section 58(5) are section 42(1) and section 42(4) respectively."

(2) In section 77 of that Act (regulations and orders)—

(a) in subsection (3) (power to make orders under certain sections exercisable by statutory instrument etc.) for the words " and 60 " in the first place where those words occur there shall be substituted the words " 60, 62A and 62B " ; and

(b) in subsection (4)(b) (statutory instruments under certain sections subject to negative procedure) for " or section 42 " there shall be substituted " 42 or 62B(1) " .