

EXPLANATORY MEMORANDUM TO

THE OGCBUYING.SOLUTIONS TRADING FUND (APPROPRIATION OF ADDITIONAL ASSETS AND LIABILITIES) ORDER 2004

2004 No.3277

- 1.** This explanatory memorandum has been prepared by Her Majesty's Treasury and is laid before Parliament by Command of Her Majesty.
- 2. Description**
 - 2.1 This Order provides for certain additional Crown assets and related liabilities currently held by the Office of Government Commerce (OGC) (an office of Her Majesty's Treasury without separate legal personality) to be appropriated to the OGCBuying.solutions Trading Fund. OGCBuying.solutions is an Executive Agency of OGC. The assets consist of machinery, equipment and oil stocks comprising the Whitehall District Heating System and the Whitehall Standby Distribution System (the Whitehall Systems) (with an estimated value of £12,100,000) and the liabilities (estimated to be £700,000) comprise creditors and accruals associated with the assets. The net value of the assets will be added to the originating debt of the Fund and will be treated as having been issued to the Fund by way of a deemed loan.
- 3. Matters of special interest to the Joint Committee on Statutory Instruments**
 - 3.1 None
- 4. Legislative Background**
 - 4.1 The Buying Agency Trading Fund was established in 1991 under the Government Trading Funds Act 1973. Its name was changed in 2001 to the OGCBuying.solutions Trading Fund. Section 2(2) of the Act permits the Minister responsible for a trading fund to determine what additional Crown assets and liabilities are properly attributable to the operations of the Fund and are suitable to be appropriated to the Fund. That section also permits the Minister to provide by order for the assets and liabilities in question to be so appropriated. Sections 2A and 2AA of the Act provide for part of the value of appropriated assets, less liabilities, to be treated as public dividend capital and reserves of the relevant fund. Section 2(4) of the Act provides for the value of the assets, less liabilities, and less any amount to be treated as public dividend capital and reserves, to be added to the originating debt of the fund and to be treated as having been issued by way of a loan to the fund.
 - 4.2 This Order provides that the Chancellor of the Exchequer, as responsible Minister, has determined that the additional Crown assets and liabilities comprised in the Whitehall Systems are properly attributable to the operations of the OGCBuying.solutions Trading Fund and are suitable to be appropriated

to the Fund. Article 2 of the Order provides for their appropriation. As the Order does not specify that any of the value should be treated as public dividend capital or reserves of the Fund, the entire value of the assets less liabilities will be treated as a loan to the Fund and added to the originating debt.

5. Extent

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 Not applicable.

7. Policy background

7.1 The transfer of the Whitehall Systems from OGC to OGCBuying.solutions is being made so that OGCBuying.solutions can use their business expertise to rationalise maintenance contracts and run the Systems more efficiently on commercial lines. The Systems are not part of OGC's core business and the transfer provides a better fit with OGCBuying.solutions core business. The transfer is not politically or legally important.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as no impact on business, charities or voluntary bodies is foreseen.

8.2 The impact on the public sector is minimal as it is a transfer of assets between two Crown bodies, the OGC and OGCBuying.solutions.

9. Contact

Bob Ellis at Office of Government Commerce Tel: 020 7271 1314 or e-mail: bob.ellis@ogc.gsi.gov.uk can answer any queries regarding the instrument.