

## EXPLANATORY MEMORANDUM TO

### THE ORDNANCE SURVEY TRADING FUND (MAXIMUM BORROWING) ORDER 2010

2010 No. 1096

1. This explanatory memorandum has been prepared by the Department for Communities and Local Government (CLG), which is Ordnance Survey's parent department in terms of accountability to Parliament and HM Treasury, and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

2. **Purpose of the instrument**

2.1 This order increases the maximum that the Ordnance Survey Trading Fund may borrow from £40,000,000 to £80,000,000.

3. **Matters of special interest to the Select Committee on Statutory Instruments**

3.1 The Order comes into force on 1st April 2010, and therefore breaches the 21 day rule. As a result of the decision, confirmed in the Prime Minister's statement of 22nd March, that certain Ordnance Survey data would be made available free of charge with effect from 1st April, it is necessary to make a further investment of Public Dividend Capital from that date in order for Ordnance Survey to make the capital investment required to deliver the free data. It is therefore necessary to increase the borrowing limit currently imposed on Ordnance Survey, as Public Dividend Capital is aggregated with loans taken by it for the purposes of that limit. It was not possible to lay the Order earlier as it was necessary to await the end of the consultation process mentioned in paragraph 7 below before a view could be taken on the way forward.

4. **Legislative Context**

4.1 Ordnance Survey was established as a Government Trading Fund by the Ordnance Survey Trading Fund Order 1999 (S.I. 1999/965), made under powers contained in the Government Trading Funds Act 1973. This included an original borrowing limit of £30,000,000, of which £14,000,000 was public dividend capital. The borrowing limit was increased to £40,000,000 by the Ordnance Survey Trading Fund (Maximum Borrowing) Order 2006 (S.I. 2006/2835).

## **5. Territorial Extent and Application**

5.1 This instrument applies to Great Britain.

## **6. European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

7.1 A public consultation about the future of Ordnance Survey and its business model closed on 17<sup>th</sup> March. This showed strong support for the proposal to make certain data freely available. This instrument raises the borrowing limit for Ordnance Survey as it needs to have the ability to borrow above the current limit of £40,000,000 set in 2006.

7.2 Separately, in accordance with section 2A(2A) of the Government Trading Funds Act 1973, Ordnance Survey's public dividend capital will be increased by £20 million to £34 million.

## **8. Related Consultation**

8.1 The Department for Communities and Local Government launched a public consultation on the provision of geographic information by Ordnance Survey on 23rd December 2009. It closed on 17th March 2010.

## **9. Guidance**

9.1 None.

## **10. Impact**

10.1 There is no impact on business, charities or voluntary bodies from the instrument.

10.2 The impact on the public sector is an increase in provision of capital Department Expenditure Limit (DEL) cover by the Department for Communities and Local Government for Ordnance Survey loans taken from the National Loans Fund.

10.3 An Impact Assessment has not been prepared for this instrument.

## **11. Regulating small business**

11.1 The legislation does not apply to small business.

## **12. Monitoring & review**

12.1 Once Ordnance Survey's future business model has been fully implemented, the instrument will be reviewed every 12 months with the intention of reducing Ordnance Survey's borrowing limit in future.

## **13. Contact**

13.1 Paul Sadgrove at the Department for Communities and Local Government - email: [Paul.Sadgrove@communities.gsi.gov.uk](mailto:Paul.Sadgrove@communities.gsi.gov.uk) or tel: 0303 444 1856 - can answer any queries regarding the instrument.