



Transport Act 1983

1983 CHAPTER 10

PART I

TRANSPORT EXECUTIVES

Financial provisions

2 Financial duty of Executives

- (1) An Executive shall so perform their functions as to ensure so far as practicable that the combined revenues of the Executive and any subsidiaries of theirs for any accounting period are not less than sufficient to meet their combined charges properly chargeable to revenue account in that period.
- (2) If in the case of any accounting period it is not practicable for an Executive to ensure that those revenues are sufficient to meet those charges, subsection (1) above shall have effect in relation to the next following accounting period as if the combined charges there referred to included an amount equal to the amount of the deficit.
- (3) For the purposes of this section there shall be disregarded any deficit or potential deficit in an accounting period to the extent to which it is or is to be covered by the appropriation of any reserves of the Executive available for the purpose if the appropriation of those reserves for that purpose has been proposed by the Executive in a plan prepared by them under section 3 below and approved by the Authority under section 4 below.
- (4) An Authority in exercising or performing any of their functions under this Part of this Act, under Part II of the Act of 1968 or under the Act of 1969 shall have regard to the duty imposed on an Executive by this section.
- (5) In this section " subsidiary " has the meaning given by section 92(1) of the Transport Act 1962, and the provisions of section 51(5) of the Act of 1968 (joint subsidiaries) so far as applying to the London Transport Executive shall accordingly be disregarded.

3 Preparation and submission of financial plans

- (1) It shall be the duty of an Executive in each year to prepare in accordance with this section and submit to the Authority a plan containing their proposals for the next three years (" the relevant period ") with respect to—
 - (a) the general level of transport services and facilities to be provided by them or, by agreement with them, by other persons; and
 - (b) the general level and structure of the fares to be charged for those services, and the general level of charges to be made for those facilities, so far as they are to be charged, made or otherwise determined by the Executive.
- (2) The proposals shall be such as to enable the Executive to discharge their duty under section 2 above in the relevant period ; and the plan shall contain particulars of the Executive's financial position and their financial prospects for that period together with an estimate of what would be their annual revenue and expenditure if the proposals were implemented.
- (3) To the extent to which the Executive consider it necessary for the discharge of their general duty under section 9(3) of the Act of 1968 or section 5(1) of the Act of 1969, the plan may be formulated on the assumption that the Authority will in the relevant period make revenue grants of such amounts as the Executive may determine ; but if the plan is formulated on that assumption it shall be accompanied by particulars showing the benefits expected to accrue from the grants.
- (4) The plan shall be accompanied by estimates of—
 - (a) the cost to the Executive of providing, or arranging the provision of, the services and facilities described in the proposals;
 - (b) the level of demand for those services and facilities; and
 - (c) the benefits to potential users of those services and facilities.
- (5) In preparing the plan the Executive shall take into account any advice given by the Secretary of State as to the amounts that it would be appropriate for the Executive to determine under subsection (3) above and the method of determining the benefits referred to in that subsection, and generally as to the form and contents of the plan; and in preparing the estimates referred to in subsection (4) above the Executive shall take into account any advice given by him as to the method of determining the matters referred to in paragraphs (a) to (c) of that subsection.

4 Approval of financial plans and determination of revenue grants

- (1) An Authority shall in each year approve with or without modification the plan submitted to them in that year under section 3 above and, in the light of the provisions of the plan as so approved, determine the amount of the revenue grants, if any, to be made by them to the Executive in the first year of the relevant period.
- (2) For the purposes of this section the Authority may require the Executive to supply them with—
 - (a) alternative proposals based on different levels of services, facilities, fares or other charges, or on the assumption that the Authority will in the relevant period make revenue grants of such amounts as the Authority may specify;
 - (b) estimates of the extent to which particular benefits, specified by the Authority, would accrue to the public at large, or to any section of the public so specified,

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- as a result of the making of any such grants as are mentioned in section 3(3) or (as the case may be) paragraph (a) above; and
- (c) such other information as the Authority may specify, including information as to the cost of providing, or arranging the provision by other persons of, services and facilities additional to those proposed in the plan.
- (3) In determining whether to approve a plan in a form which would involve the making by the Authority of revenue grants in the relevant period the Authority shall have particular regard to—
- (a) the matters referred to in paragraphs (a) to (c) of subsection (4) of section 3 above ;
- (b) any advice given by the Secretary of State under subsection (5) of that section ; and
- (c) the need to achieve a proper balance between the interests of the ratepayers in their area and the interests of transport users.
- (4) Before approving a plan in such a form and making any such determination as is mentioned in subsection (1) above the Authority shall—
- (a) submit the plan and a statement of their proposed determination to the Secretary of State ; and
- (b) take into account the guidance given by him under subsection (5) below.
- (5) Where a plan is submitted to the Secretary of State under subsection (4) above he shall give the Authority guidance as to the maximum amount of the revenue grants, if any, which it would in his opinion be appropriate for the Authority to make in the year in question and, if the amount proposed by them would be greater than that amount, he may indicate to the Authority the respects in which the plan or any modification proposed by them would need to be altered to take account of his guidance.
- (6) The matters by reference to which the guidance of the Secretary of State under subsection (5) above may be given shall include—
- (a) what appears to him to be the appropriate national level of expenditure by Authorities on revenue grants ;
- (b) the benefits which would result from the making of such grants; and
- (c) the levels of present and past expenditure by the Authority on such grants;
- and in giving the guidance the Secretary of State shall have regard to the general duty of the Authority and the Executive under section 9(3) of the Act of 1968 or sections 1 and 5(1) of the Act of 1969, as the case may be.

5 Payment of revenue grants

- (1) An Authority shall not in any year make any revenue grant to an Executive except in accordance with a determination made by the Authority under section 4(1) above.
- (2) To the extent to which the amount of the revenue grants made in any year by an Authority in accordance with any such determination does not exceed the amount specified in guidance given by the Secretary of State under section 4(5) above in relation to that determination, the making of those grants shall, without prejudice to any other proper exercise of the power of the Authority to make revenue grants, be regarded for all purposes as a proper exercise of that power.

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6 Supplementary provisions

- (1) An Executive shall supply the Secretary of State with such information as he may require for the purpose of giving advice under subsection (5) of section 3 above and shall, before preparing any plan under that section, consult the Authority.
- (2) An Executive shall, when submitting any plan or supplying any information to an Authority under that section or section 4 above, send a copy of the plan or information to the Secretary of State.
- (3) Where the Secretary of State gives an Executive any advice under section 3(5) above he shall communicate that advice to the Authority.
- (4) An Authority shall supply the Secretary of State with such information as he may require for the purpose of giving guidance under section 4(5) above.
- (5) Where an Executive's plan is approved by an Authority under section 4 above the Authority shall inform the Executive in writing—
 - (a) of their approval and of any modifications made by them in the plan as approved ; and
 - (b) of any determination made by them under subsection (1) of that section.
- (6) The general level and structure of fares and the general level of charges specified in a plan approved by an Authority under section 4 above shall be treated—
 - (a) for the purposes of section 15 (2) (a) of the Act of 1968 ; and
 - (b) except as respects fares for such journeys as are mentioned in subsection (5) of section 11 of the Act of 1969, for the purposes of subsection (2)(d) of that section,
as having been approved by the Authority under that provision.
- (7) Before giving or withholding any approval required by section 15(2)(a) of the Act of 1968 or section 11(2)(d) of the Act of 1969 the Authority shall have regard in particular to the extent to which their decision will affect the amount of revenue grants that will be needed to enable the Executive to comply with their duty under section 2 above and to the need to achieve a proper balance between the interests of the ratepayers in their area and the interests of transport users.