



London Regional Transport Act 1984

1984 CHAPTER 32

PART I

LONDON REGIONAL TRANSPORT

Financial provisions

12 Government funding of services under control of London Regional Transport

- (1) The Secretary of State may, with the consent of the Treasury, make grants to London Regional Transport for any purpose and on such terms and conditions as the Secretary of State thinks fit.
- (2) Subject to any such terms or conditions, it shall be the duty of London Regional Transport to apply sums received by way of grants under this section—
 - (a) in aid of capital investment or operating costs in respect of public passenger transport services provided by them or any of their subsidiaries; or
 - (b) in making payments to any other person providing such services in pursuance of any agreement entered into by London Regional Transport by virtue of section 3(2) of this Act in aid of his capital investment or operating costs in respect of those services ;in such manner as appears to them to be appropriate for the purpose of the discharge of their general duty under section 2(1) of this Act.
- (3) Where sums so received are applied by London Regional Transport in making any such payments as are mentioned in subsection (2)(b) above, London Regional Transport shall secure that the relevant agreement—
 - (a) provides for the manner in which those payments are to be applied ; and
 - (b) includes terms appearing to London Regional Transport to be appropriate for securing that those payments are applied in accordance with the agreement.
- (4) In relation to any services, references in subsection (2) above to operating costs in respect of those services include any provision for the depreciation or renewal of assets employed in or in connection with the operation of those services.

13 Contribution from London ratepayers to expenditure on grants under section 12

- (1) The Secretary of State may in respect of any year make a levy on the rating authorities for all rating areas comprised in Greater London for the purpose of recovering a contribution from the ratepayers of Greater London towards his estimated expenditure in that year on grants under section 12 of this Act.
- (2) Subject to the following provisions of this section, for the purpose of raising the levy under this section in respect of any year the Secretary of State may issue a demand for payments in respect of that year to the rating authorities mentioned in subsection (1) above.
- (3) Any such demand—
 - (a) shall require each of those rating authorities to levy, as part, or as an additional item, of the rate, a rate of the required amount in the pound ; and
 - (b) shall state the date or dates on or before which payments are required to be made on account of the rate levied in pursuance of the demand, and the amount of each such payment.
- (4) The reference in subsection (3)(a) above to the required amount in the pound is a reference to such amount in the pound as may be specified by an order made by the Secretary of State in respect of the year to which the demand relates.
- (5) The amount in the pound to be specified in an order made by the Secretary of State under subsection (4) above in respect of any year shall be such as appears to the Secretary of State to be sufficient, if a rate of that amount in the pound is levied by each rating authority mentioned in subsection (1) above in pursuance of a demand issued under subsection (2) above in respect of that year, to raise the appropriate contribution for that year from the ratepayers of Greater London.
- (6) For any year, that contribution is such a proportion, not exceeding a maximum of two-thirds, of the Secretary of State's estimated expenditure in that year on grants under section 12 of this Act, as it appears to the Secretary of State appropriate to recover from the ratepayers of Greater London.
- (7) An order under subsection (4) above shall set out the factors taken into account and the method of calculation employed in determining the amount in the pound specified in the order.
- (8) The Secretary of State may by order substitute for the maximum proportion specified in subsection (6) above (whether as originally enacted or as modified by a previous order under this subsection) such maximum proportion as he thinks fit.
- (9) No order may be made under this section unless a draft of the order has been laid before, and approved by a resolution of, the Commons House of Parliament.
- (10) Any sums received by the Secretary of State in pursuance of a demand issued under subsection (2) above shall be paid into the Consolidated Fund.

14 Provisions supplementary to section 13

- (1) Subject to subsection (2) below, section 12 of the General Rate Act 1967 (provision as to precepts by certain authorities) shall apply to a demand issued under section 13(2) of this Act by the Secretary of State as it applies to a precept issued by any of the authorities mentioned in section 12(1) of that Act.

- (2) In that section, as applied by this section—
- (a) subsections (1), (2) and (10) shall be omitted ;
 - (b) references to the precepting authority shall be read as references to the Secretary of State;
 - (c) the reference in subsection (4) to that section shall be read as a reference to section 13 of this Act;
 - (d) subsection (4) shall apply as if for the words " 1st February " there were substituted the words " 1st November "; and
 - (e) the reference in subsection (11) to subsection (2) of that section shall be read as a reference to section 13(3) of this Act.
- (3) References to precepts and precepting authorities in—
- (a) section 5(1)(e) of that Act (information as to amounts levied for the purposes of rating authorities and precepting authorities to be included in demand notes for rates); and
 - (b) section 14(2) of that Act (information to be supplied by precepting authorities for the purposes of section 5);
- shall be read respectively as including any demand under section 13(2) of this Act and as including, in relation to any such demand, the Secretary of State.
- (4) References to section 12 of that Act—
- (a) in section 14(1) of that Act; and
 - (b) in any rules made under section 113 of that Act for the purposes of section 12 of that Act;
- shall be read as including section 12 as applied by this section; and any such rules shall have effect, in their application by virtue of this section, with any further modifications necessary in consequence of this section.
- (5) Where in accordance with section 12 as applied by this section any amount is payable to the Secretary of State in pursuance of a demand issued to a rating authority under section 13(2) of this Act, and the Secretary of State is satisfied—
- (a) that the rating authority have refused or through wilful neglect or wilful default failed to raise that amount by a rate ; or
 - (b) that, having raised the amount by a rate, the rating authority have refused or through wilful neglect or wilful default failed to pay the amount due under the demand (determined in accordance with section 12 as so applied);
- the provisions of section 15 of that Act (power for securing payment of precepts) shall apply (subject to subsection (6) below) as they apply where the Secretary of State issues a certificate to the effect mentioned in subsection (1) of that section (which makes provision with respect to the amount due under a precept corresponding to the provision made above in this subsection).
- (6) The provisions of section 15 apply with the omission of subsection (2); and in those provisions, as applied by subsection (5) above, references to the precepting authority and to the precept shall be read respectively as references to the Secretary of State and to the demand.
- (7) Section 4 of the Local Government Finance Act 1982 (proceedings in respect of rates and precepts) shall apply to a demand under section 13(2) of this Act as it applies to a precept.

- (8) Expressions used in this section or section 13 of this Act to which a meaning is given for the purposes of the General Rate Act 1967 have the same meaning as in that Act.

15 Financial duty

- (1) London Regional Transport shall so perform their functions as to ensure so far as practicable that the combined revenues of London Regional Transport and any subsidiaries of theirs are not less than sufficient to meet their combined charges properly chargeable to revenue account, taking one accounting year with another.
- (2) In respect of each accounting year of London Regional Transport, London Regional Transport shall charge to revenue account, and secure that any subsidiary of theirs so charges, all charges which are proper to be made to revenue account, including, in particular, proper provision for the depreciation or renewal of assets.
- (3) The Secretary of State may from time to time, after consultation with London Regional Transport and with the approval of the Treasury, give to London Regional Transport directions—
- (a) requiring London Regional Transport to allocate to reserve for a particular purpose, or to cause any of their subsidiaries so to allocate, either a specified amount or such amount as London Regional Transport consider adequate;
 - (b) with respect to the transfer of any amount from one reserve to another; or
 - (c) with respect to the application by London Regional Transport or any of their subsidiaries of amounts allocated to reserve.
- (4) Directions under subsection (3) above requiring the allocation of any amount to reserve may provide for it to be so allocated either at a specified time or during the course of a specified period.
- (5) Subject to subsection (6) below, London Regional Transport may, with the consent of the Secretary of State given with the approval of the Treasury, make charges to capital account representing interest on expenditure of a capital nature (including expenditure of a capital nature incurred before the appointed day).
- (6) The interest on expenditure represented by charges made under subsection (5) above must be interest for a period which ends on or before the end of the accounting year of London Regional Transport in which the project or scheme to which the expenditure relates is in the opinion of the Secretary of State completed.
- (7) If in respect of any accounting year there is an excess of the revenues of London Regional Transport over the total charges properly chargeable by them to revenue account, the Secretary of State may, with the approval of the Treasury, require that excess, so far as it appears to him, after consultation with London Regional Transport, to be surplus to the requirements of London Regional Transport, to be paid over to the Secretary of State.
- (8) Any sums received by the Secretary of State under subsection (7) above shall be paid into the Consolidated Fund.
- (9) For the purposes of subsections (1) and (7) above, the revenues of London Regional Transport are to be taken as including any sums received by them by way of grants under section 12 of this Act which are entered in their revenue account; but where any sums so entered are applied in making payments which London Regional Transport have power to make (under that section or otherwise) to a subsidiary of theirs or to any

other person, those payments are charges properly chargeable to their revenue account for the purposes of those subsections.

- (10) For the purposes of subsection (1) above, the revenues of any subsidiary of London Regional Transport are to be taken as including any such payments from London Regional Transport as are mentioned in subsection (9) above which are entered in that subsidiary's revenue account.
- (11) A company which would not otherwise be a subsidiary of London Regional Transport shall not be treated as such for the purposes of this section by virtue of section 62 of this Act.

16 Control by Secretary of State of financial objectives

- (1) The Secretary of State may from time to time determine, as respects such period as he may determine, the financial objectives which, having regard to the duty imposed on London Regional Transport by section 15 of this Act, he considers it is reasonable for London Regional Transport to achieve in that period (whether as regards their own business or that of any of their subsidiaries).
- (2) Different determinations may be made by the Secretary of State under this section for different periods and in relation to different assets and different activities of London Regional Transport or (as the case may be) of any of their subsidiaries.
- (3) A determination under this section—
 - (a) may relate to a period beginning before the date on which it is made; and
 - (b) may contain incidental and supplemental provisions.
- (4) A determination under this section in respect of any period may be varied or revoked by a further determination under this section.
- (5) London Regional Transport shall conduct their affairs during any period in respect of which a determination has been made under this section, or (as the case may be) secure that any subsidiary of theirs conducts its affairs, with a view to achieving the financial objectives specified by the determination as for the time being in force.
- (6) The Secretary of State may not make a determination under this section except with the approval of the Treasury and after consultation with London Regional Transport.
- (7) The Secretary of State shall give notice in writing to London Regional Transport of any determination under this section.

17 Financial support for subsidiaries, contractors, etc.

- (1) London Regional Transport may give or lend money to or, with the consent of the Secretary of State, give a guarantee for the benefit of any of their subsidiaries.
- (2) For the purpose of enabling any person (other than a subsidiary of theirs) with whom they have entered into an agreement by virtue of section 3(2) of this Act to carry out that agreement, London Regional Transport may give money to or, with the consent of the Secretary of State, lend money to or give a guarantee for the benefit of that person.
- (3) London Regional Transport may, with the consent of the Secretary of State, and for the purposes of their business, lend money to, or give a guarantee for the benefit of,

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any person for the purposes of an undertaking carried on by him or, where that person is a body corporate, any undertaking carried on by a subsidiary of that body corporate.

- (4) Subsections (1) and (2) above are without prejudice to any other power of London Regional Transport under this Act to make payments to their subsidiaries or to any person with whom they have entered into an agreement by virtue of section 3(2) of this Act.

18 Borrowing powers

- (1) London Regional Transport may borrow temporarily, by way of overdraft or otherwise, either from the Secretary of State or, with the consent of the Secretary of State, from any other person, such sums as may be required for meeting the obligations or discharging the functions of London Regional Transport or any of their subsidiaries.

The aggregate of the amounts outstanding in respect of any temporary loans raised by London Regional Transport under this subsection shall not exceed such limit as may for the time being be imposed for the purposes of this subsection by a direction given to London Regional Transport by the Secretary of State.

- (2) London Regional Transport may borrow, otherwise than by way of temporary loan—
- (a) in sterling from the Secretary of State ; or
 - (b) with the consent of the Secretary of State and the approval of the Treasury, in sterling or a currency other than sterling from a person other than the Secretary of State;

such sums as may be required by London Regional Transport or any of their subsidiaries for all or any of the purposes mentioned in subsection (3) below.

- (3) Those purposes are—
- (a) meeting any expenses incurred by London Regional Transport or any of their subsidiaries in connection with any works the cost of which is chargeable to capital account;
 - (b) the provision of working capital required by London Regional Transport or any such subsidiary ;
 - (c) acquiring an undertaking or part of an undertaking;
 - (d) subscribing for or acquiring securities of a body corporate otherwise than by way of investment;
 - (e) promoting or participating in promoting the formation of a company;
 - (f) the payment of interest charged to capital account under section 15(5) of this Act;
 - (g) repayment of any money borrowed by London Regional Transport or any of their subsidiaries and repayment of any sums issued by the Treasury in fulfilment of a guarantee under section 20 of this Act;
 - (h) making any loan, or fulfilling any guarantee given, in pursuance of the powers conferred on London Regional Transport by this Act;
 - (i) any purpose for which capital moneys are properly applicable, whether or not specified in any of the preceding paragraphs of this subsection.
- (4) London Regional Transport shall not have power to borrow money, otherwise than from a subsidiary of theirs, except in accordance with this section.
- (5) References in this section to borrowing do not include the receipt of money by London Regional Transport solely for the purpose of making payments into or out of a pension

fund established for the purposes of a pension scheme in which employees of London Regional Transport or a subsidiary of theirs participate.

19 Loans from Secretary of State

- (1) The Secretary of State may, with the approval of the Treasury, lend to London Regional Transport any sums which London Regional Transport have power to borrow under section 18(1) or (2) of this Act.
- (2) Any loans which the Secretary of State makes under this section shall be repaid to him at such times and by such methods, and interest on any such loans shall be paid to him at such rates and at such times, as he may, with the approval of the Treasury, from time to time direct.
- (3) The Treasury may issue out of the National Loans Fund to the Secretary of State such sums as are necessary to enable him to make loans under this section.
- (4) Any sums received under subsection (2) above by the Secretary of State shall be paid into the National Loans Fund.
- (5) The Secretary of State shall, as respects each financial year, prepare in such form and manner as the Treasury may direct, an account of—
 - (a) sums issued to him under subsection (3) above ;
 - (b) sums to be paid into the National Loans Fund under subsection (4) above; and
 - (c) the disposal by him of those sums respectively ;and send it to the Comptroller and Auditor General not later than the end of November following the year; and the Comptroller and Auditor General shall examine, certify and report on the account and lay copies of it, together with his report, before each House of Parliament.

20 Treasury guarantees

- (1) The Treasury may guarantee, in such manner and on such conditions as they may think fit, the repayment of the principal of, the payment of interest on and the discharge of any other financial obligation in connection with, any sums which London Regional Transport borrow from a person other than the Secretary of State in exercise of their powers under section 18 of this Act.
- (2) Immediately after a guarantee is given under this section the Treasury shall lay a statement of the guarantee before each House of Parliament; and where any sum is issued for fulfilling a guarantee so given the Treasury shall, as soon as possible after the end of each financial year, beginning with that in which the sum is issued and ending with that in which all liability in respect of the principal of the sum and in respect of interest on the sum is finally discharged, lay before each House of Parliament a statement relating to that sum.
- (3) Any sums required by the Treasury for fulfilling a guarantee under this section shall be charged on and issued out of the Consolidated Fund.
- (4) If any sums are issued in fulfilment of a guarantee given under this section, London Regional Transport shall make to the Treasury, at such times and in such manner as the Treasury may from time to time direct, payments, of such amounts as the Treasury may so direct, in or towards repayment of the sums so issued and payments of interest

on what is outstanding for the time being in respect of sums so issued at such rate as the Treasury may so direct.

- (5) Any sums received under subsection (4) above by the Treasury shall be paid into the Consolidated Fund.

21 Control over financial commitments of subsidiaries

London Regional Transport shall exercise their control over their subsidiaries so as to ensure that a subsidiary of theirs does not—

- (a) except with the consent of the Secretary of State, lend money to or give any guarantee for the benefit of any person other than London Regional Transport or any other subsidiary of London Regional Transport; or
- (b) except with the consent of the Secretary of State and the approval of the Treasury, borrow money from any such person.

22 Limit on financial commitments of London Regional Transport group

- (1) The aggregate amount outstanding, otherwise than by way of interest, in respect of—
- (a) money borrowed by any member of the London Regional Transport group otherwise than from another member of the group;
 - (b) money borrowed by any person other than a member of the London Regional Transport group subject to a guarantee given by a member of the group which applies to repayment of that money ; and
 - (c) sums issued by the Treasury in fulfilment of guarantees under section 20 of this Act;

shall not at any time exceed £100 million or such other sum as the Secretary of State may from time to time by order specify.

- (2) The Secretary of State may, with the approval of the Treasury, from time to time give directions as to the method of calculation to be used, and the date to be taken, in determining for the purposes of subsection (1) above the value in sterling of any amount outstanding in respect of money borrowed in a currency other than sterling.
- (3) In this Act "the London Regional Transport group" means London Regional Transport and their subsidiaries.
- (4) No order shall be made under subsection (1) above unless a draft of the order has been laid before, and approved by a resolution of, the Commons House of Parliament.

23 Accounts

- (1) London Regional Transport shall keep proper accounts and proper records in relation to the accounts.
- (2) London Regional Transport shall prepare in respect of each accounting year—
- (a) a statement of accounts with respect to their own affairs; and
 - (b) such statement or statements of consolidated accounts dealing with the affairs of London Regional Transport and any one or more other members of the London Regional Transport group as the Secretary of State may, with the approval of the Treasury, from time to time direct (whether generally or as respects any particular accounting year of London Regional Transport).

- (3) The statement of accounts prepared in accordance with paragraph (a) of subsection (2) above shall give a true and fair view of the state of affairs and profit or loss of London Regional Transport; and any such statement prepared in accordance with paragraph (b) of that subsection shall give a true and fair view of the state of affairs and profit or loss of the members of the London Regional Transport group dealt with by that statement as a whole.
- (4) Every statement of accounts prepared by London Regional Transport in accordance with this section shall comply with any requirements imposed by directions given by the Secretary of State, with the approval of the Treasury and after consultation with London Regional Transport, with respect to—
- (a) the information to be contained in the statement;
 - (b) the manner in which that information is to be presented ; and
 - (c) the methods and principles according to which the statement is to be prepared.
- (5) The accounts of London Regional Transport shall be audited by an auditor or auditors appointed in respect of each accounting year by the Secretary of State after consultation with London Regional Transport.
- (6) A person shall not be qualified to be appointed to audit the accounts of London Regional Transport unless he is a member, or is a firm in Scotland in which each of the partners is a member, of one or more of the following bodies—
- The Institute of Chartered Accountants in England and Wales;
 - The Institute of Chartered Accountants of Scotland ;
 - The Association of Certified Accountants;
 - The Institute of Chartered Accountants in Ireland;
 - Any other body of accountants established in the United Kingdom and for the time being recognised for the purposes of section 161(1)(a) of the Companies Act 1948 by the Secretary of State.
- (7) As soon as the accounts of London Regional Transport have been audited in accordance with this section, London Regional Transport shall send to the Secretary of State—
- (a) a copy of the statement of accounts prepared in accordance with subsection (2) (a) above ; and
 - (b) a copy of any statement of accounts prepared in accordance with subsection (2)(b) above ;
- together with a copy of the report made by the auditor or auditors on that statement or (as the case may be) on each of those statements.
- (8) A copy of every such statement and report shall be included in the annual report of London Regional Transport with respect to the accounting year in question which the Secretary of State is required by section 34 of this Act to lay before each House of Parliament.

24 Exclusion of National Audit Act 1983

London Regional Transport shall not be subject to investigation by the Comptroller and Auditor General under section 7 of the National Audit Act 1983 (examinations into the economy, efficiency and effectiveness with which bodies mainly supported by public funds use their resources in discharging their functions) ; and accordingly, in Schedule 4 to that Act (which lists authorities and bodies exempt from investigation

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under that section) the words " London Regional Transport" shall be inserted at the appropriate place in alphabetical order.