STATUTORY INSTRUMENTS

1988 No. 456

COAL INDUSTRY

The Coal Industry (Restructuring Grants) Order 1988

Made - - - -	*8th March 1988*
Coming into force	*27th March 1988*

The Secretary of State, in exercise of the powers conferred upon him by section 3(2), (3) and (6) of the Coal Industry Act 1987(**a**) and with the approval of the Treasury, hereby makes the following Order, a draft of which has been laid before the House of Commons and has been approved by that House in accordance with section 3(10) of that Act:

1. This Order may be cited as the Coal Industry (Restructuring Grants) Order 1988 and shall come into force on 27th March 1988.

2. In this Order, unless the context otherwise requires–

"the Act" means the Coal Industry Act 1987;

"the Corporation" means the British Coal Corporation or any wholly-owned subsidiary of theirs;

"employees" means employees of the Corporation;

"payments" means periodical or lump sum payments;

"the relevant consolidated profit and loss account" means any consolidated profit and loss account of the British Coal Corporation and their subsidiaries prepared in accordance with a direction given under section 8(1) of the Coal Industry Act 1971(**b**) for the financial year of the British Coal Corporation ending in March 1989;

and references to payments, contributions or expenditure are references to payments, contributions or expenditure by the Corporation.

3. The kinds of expenditure specified in the Schedule to this Order are specified kinds of expenditure for the purposes of section 3(2)(a) of the Act in relation to the financial year of the British Coal Corporation ending in March 1989.

4. The maximum amount which may be paid under section 3 of the Act by way of grant in respect of the financial year of the British Coal Corporation ending in March 1989 in relation to the kinds of expenditure specified under a Head in the Schedule is–

(a) in the case of the expenditure specified under Head 4, £26,100,000; and

(b) in the case of the expenditure specified under any other Head, that sum which represents 72.5 per cent. of–

(i) the total amount of the costs of the Corporation which are related to the kinds of expenditure specified under the Head and which fall to be charged to the relevant consolidated profit and loss account; or

(ii) if a larger amount has been agreed in respect of those costs for the purposes of section 3(2)(b) of the Act, that larger amount.

(**a**) 1987 c.3. (**b**) 1971 c.16.

5. The limit specified in section 3(6) of the Act on the aggregate of grants made under section 3(1) thereof is increased from £300 million to £500 million.

Michael Spicer
Parliamentary Under Secretary of State,
Department of Energy

7th March 1988

We approve,

David Lightbown
Mark Lennox-Boyd
Two of the Lords Commissioners of Her Majesty's Treasury

8th March 1988

SCHEDULE

Articles 3 and 4

KINDS OF EXPENDITURE

Head 1 : Redundancy and early retirement

(i) Payments in respect of redundant employees made under section 81 of the Employment Protection (Consolidation) Act 1978(**a**).

(ii) Payments made for the purpose of assisting persons who leave the employment of the Corporation by virtue of redundancy or early retirement and expenditure on the provision of concessionary coal for that purpose, being payments made or expenditure incurred under arrangements established by the Corporation.

(iii) Payments in respect of the loss of superannuation prospects by persons leaving the employment of the Corporation by virtue of redundancy or early retirement.

(iv) Contributions to superannuation funds maintained by virtue of section 37 of the Coal Industry Nationalisation Act 1946(**b**) in respect of any increase in the cost of retirement benefits paid before normal retirement age to persons who leave the employment of the Corporation by virtue of redundancy or early retirement.

Head 2 : Changes of work and place of employment

(v) Payments to or for the benefit of employees in connection with their removal or resettlement (with or without their dependants) by virtue of their place of employment being changed.

(vi) Payments to local authorities and housing associations for the provision of housing for employees on account of their place of employment being changed.

(vii) Expenditure on providing travel allowances or transport for employees on account of their place of employment being changed.

(viii) Payments made to supplement temporarily the earnings of employees on account of their place of employment being changed.

(ix) Payments made to compensate employees temporarily for any reduction in their earnings resulting from the nature of their work being changed.

(**a**) 1978 c.44; section 81(4) was amended by the Employment Act 1982 (c.46), section 20 and Schedule 2, paragraph 6(2).
(**b**) 1946 c.59.

Head 4 : Concessionary Coal

(x) Expenditure on the provision of concessionary coal, or on the making of payments in lieu thereof, to former employees who have reached normal retirement age or to their dependants, being expenditure made in accordance with arrangements established by the Corporation on or before 5th March 1987.

Head 5 : Retraining

(xi) Expenditure on the provision of retraining for persons who are to leave or have left the employment of the Corporation by virtue of redundancy or incapacity, being retraining provided under arrangements established by the Corporation.

Head 6 : New employment

(xii) Payments made under arrangements for the British Coal Corporation to reimburse their wholly-owned subsidiary British Coal Enterprise Limited for losses incurred by it in promoting new employment in coal mining areas or new employment for such persons as are mentioned in paragraph (xi) above (whether in such areas or elsewhere).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order concerns the making of grants by the Secretary of State to the British Coal Corporation under section 3 of the Coal Industry Act 1987 (grants for workforce redeployment and reduction, etc.).

Article 3 provides for the kinds of expenditure specified in the Schedule to the Order to rank as eligible expenditure of the Corporation and their wholly-owned subsidiaries in relation to the Corporation's financial year ending in March 1989.

Article 4 sets a limit on the amount which may be advanced in relation to the Corporation's 1988/89 financial year with respect to each head of expenditure specified in the Schedule. In general the limit is 72.5 per cent. of the relevant costs appearing in the consolidated profit and loss account or 72.5 per cent. of such larger amount as may be agreed by the Secretary of State and the Corporation with the approval of the Treasury.

Article 5 increases the limit on the aggregate amount of grants which may be made under section 3 of the 1987 Act from £300 million to £500 million.