EXPLANATORY MEMORANDUM TO

THE ORDNANCE SURVEY TRADING FUND (MAXIMUM BORROWING) ORDER 2006

2006 No. 2835

1. This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before the House of Commons by Command of Her Majesty.

2. Description

This Order increases the maximum that the Ordnance Survey Trading Fund may borrow from £30,000,000 to £40,000,000.

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

None

4. Legislative Background

The instrument is necessary in order to increase Ordnance Survey's borrowing limit.

5. Extent

This instrument applies to Great Britain.

6. European Convention on Human Rights

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

7. Policy background

The Ordnance Survey business plan 2006-09 includes significant capital investment, including expenditure on a replacement database management system and a significant accommodation project. In order to progress these projects alongside the continuing business activities, Ordnance Survey will require short term borrowings to supplement working capital. Notably, with respect to the accommodation project, Ministers have approved Ordnance Survey's proposed relocation to a new Headquarters site in the Southampton area designed to meet the organisation's current and future business requirements. In order to help fund this, Ordnance Survey proposes to sell its existing HQ site in Southampton for redevelopment. As there would be uncertainty about the timing of receipts from this sale, Ordnance Survey needs to increase its capacity for borrowing during the relocation period in order to accommodate potential maximum cash deficits.

8. Impact

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

8.2 This instrument has no impact on the public sector.

9. Contact

Paul Sadgrove at the Department for Communities and Local Government: tel: 020 7944 6045 or e-mail: paul.sadgrove@communities.gsi.gov.uk can answer any queries regarding the instrument.