



# Transport Act 1985

## 1985 CHAPTER 67

### PART IV

#### LOCAL PASSENGER TRANSPORT SERVICES

*Further provisions with respect to companies formed under Part IV*

#### **79 Financial backing for establishment and operations of public transport companies.**

- (1) [<sup>F1</sup>An Integrated Transport Authority] A Passenger Transport Authority and a district council or, in Scotland, a [<sup>F2</sup>council (other than the council for Orkney Islands, Shetland Islands or Western Isles)] shall each have power to make loans to any associated company, or to guarantee loans made to any associated company by any other person, for the provision of working capital.
- (2) The reference in subsection (1) above to guaranteeing loans is a reference to guaranteeing the repayment of the principal of, the payment of interest on, and the discharge of any other financial obligation in connection with, any such loans.
- (3) [<sup>F3</sup>The exercise of the power under subsection (1) above, otherwise than in pursuance of any provision made by any scheme or order under this Part of this Act in connection with any transfer of property, rights and liabilities to the company in question for which that scheme or order provides, requires the consent of the Secretary of State.]
- (4) [<sup>F4</sup>An Integrated Transport Authority] A Passenger Transport Authority and a district council or, in Scotland, a [<sup>F2</sup>council (other than the council for Orkney Islands, Shetland Islands or Western Isles)] shall each have power to make loans—
  - (a) to any associated company; or
  - (b) to any subsidiary of an associated company;

for the purpose of meeting any expenses incurred or to be incurred by that company or subsidiary in connection with the provision or improvement of assets in connection with its business.

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- (5) Any loan under subsection (4) above must be made on terms, both as to rates of interest and otherwise, no more favourable than the terms on which the authority making the loan would themselves be able to borrow at the time when the loan is made.
- (6) [<sup>F5</sup>An Integrated Transport Authority] A Passenger Transport Authority and a district council or, in Scotland, a [<sup>F2</sup>council (other than the council for Orkney Islands, Shetland Islands or Western Isles)] shall each have power to give any guarantees and do any other things which appear to that Authority or (as the case may be) to that council to be necessary or expedient for the purpose of or in connection with—
- (a) any disposal authorised by section 75(2) of this Act; or
  - (b) any disposal by any associated company of the whole or any part of that company's undertaking, or of any property, rights or liabilities of that company.
- (7) [<sup>F6</sup>Where any such disposal requires or (as the case may be) may not be permitted without the consent of the Secretary of State, the power under subsection (6) above may not be exercised in relation to that disposal without the consent of the Secretary of State.]
- (8) Subject to subsection (9) below, [<sup>F7</sup>an Integrated Transport Authority,] a Passenger Transport Authority and a district council or, in Scotland, a [<sup>F2</sup>council (other than the council for Orkney Islands, Shetland Islands or Western Isles)] shall each have power [<sup>F8</sup>, with the consent of the Secretary of State,] to provide financial assistance by way of grants, loans or guarantees for any associated company which has incurred losses affecting the viability of its business.
- (9) The power under subsection (8) above may only be exercised for the purpose of any plan approved by the Secretary of State for improving the efficiency of the company's operations and its commercial performance generally so as to enable it to carry on business without further assistance from the Authority or council concerned or from any other council who are a member of the company.
- (10) [<sup>F9</sup>An Integrated Transport Authority] A Passenger Transport Authority and a district council or, in Scotland, a [<sup>F2</sup>council (other than the council for Orkney Islands, Shetland Islands or Western Isles)] shall each have power, where on the winding up of any associated company the assets of the company are not sufficient to meet the company's liabilities, to make to the creditors of the company such payments as may be necessary to meet the balance of those liabilities (and may accordingly give to persons dealing or proposing to deal with any such company such guarantees with respect to the exercise of their power under this subsection in relation to that company as they think fit).

#### Textual Amendments

- F1** Words in s. 79(1) inserted (E.W.) (9.2.2009) by [Local Transport Act 2008 \(c. 26\)](#), s. 134(4), [Sch. 4 para. 26\(2\)](#); S.I. 2009/107, art. 2(1), [Sch. 1 Pt. 1](#)
- F2** Words in s. 79(1)(4)(6)(8)(10) substituted (S.) (1.4.1996) by S.I. 1996/974, art. 2(1), [Sch. 1 Pt. I para. 7\(d\)](#)
- F3** S. 79(3) repealed (E.W.) (9.2.2009 for E., 1.4.2009 for W.) by [Local Transport Act 2008 \(c. 26\)](#), ss. 71(3)(b), 134(4), [Sch. 7 Pt. 3](#); S.I. 2009/107, art. 2(2), [Sch. 2 Pt. 1](#) (with [Sch. 2 para. 5](#)); S.I. 2009/579, art. 2(h) (with [Sch. para. 3](#))
- F4** Words in s. 79(4) inserted (E.W.) (9.2.2009) by [Local Transport Act 2008 \(c. 26\)](#), s. 134(4), [Sch. 4 para. 26\(2\)](#); S.I. 2009/107, art. 2(1), [Sch. 1 Pt. 1](#)

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- F5** Words in s. 79(6) inserted (E.W.) (9.2.2009) by [Local Transport Act 2008 \(c. 26\)](#), s. 134(4), **Sch. 4 para. 26(2)**; S.I. 2009/107, art. 2(1), Sch. 1 Pt. 1
- F6** S. 79(7) repealed (E.W.) (9.2.2009 for E., 1.4.2009 for W.) by [Local Transport Act 2008 \(c. 26\)](#), ss. 71(3)(c), 134(4), **Sch. 7 Pt. 3**; S.I. 2009/107, art. 2(2), Sch. 2 Pt. 1 (with Sch. 2 para. 5); S.I. 2009/579, art. 2(h) (with Sch. para. 3)
- F7** Words in s. 79(8) inserted (E.W.) (9.2.2009) by [Local Transport Act 2008 \(c. 26\)](#), s. 134(4), **Sch. 4 para. 26(3)**; S.I. 2009/107, art. 2(1), Sch. 1 Pt. 1
- F8** Words in s. 79(8) repealed (E.W.) (9.2.2009 for E., 1.4.2009 for W.) by [Local Transport Act 2008 \(c. 26\)](#), ss. 71(3)(d), 134(4), **Sch. 7 Pt. 3**; S.I. 2009/107, art. 2(2), Sch. 2 Pt. 1 (with Sch. 2 para. 5); S.I. 2009/579, art. 2(h) (with Sch. para. 3)
- F9** Words in s. 79(10) inserted (E.W.) (9.2.2009) by [Local Transport Act 2008 \(c. 26\)](#), s. 134(4), **Sch. 4 para. 26(2)**; S.I. 2009/107, art. 2(1), Sch. 1 Pt. 1

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**Modifications etc. (not altering text)**

- C1** Pt. 4: functions made exercisable (E.) (28.2.2024) by [The East Midlands Combined County Authority Regulations 2024 \(S.I. 2024/232\)](#), regs. 1(2), **14(1)**
- C2** Ss. 78, 79: functions made exercisable concurrently (E.) (28.2.2024) by [The East Midlands Combined County Authority Regulations 2024 \(S.I. 2024/232\)](#), regs. 1(2), **14(4)** (with reg. 14(5))

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 6(2ZA) inserted by [2019 asp 17 s. 37\(2\)\(a\)](#)
- s. 6(7ZA) inserted by [2019 asp 17 s. 37\(2\)\(b\)](#)