



Water Resources Act 1963

1963 CHAPTER 38

PART VIII

FINANCIAL PROVISIONS

83 Water resources accounts of river authorities

- (1) Each river authority shall keep a separate account to be called the "water resources account " of the authority.
- (2) There shall be carried to the credit of the water resources account of a river authority—
 - (a) all amounts received by the authority in connection with their new functions, including such part (if any) of any amount paid to the authority under section 87 of this Act (whether in pursuance of a precept issued under that section or to make good a deficiency calculated under subsection (9) of that section in respect of such a precept) as is attributable to those functions;
 - (b) so much of any receipts of the authority in their capacity as a drainage authority or fisheries authority, or as successors to a navigation authority, harbour authority or conservancy authority, as may be determined by the river authority to represent the extent to which expenditure incurred by the authority in the performance of their new functions has contributed, or will contribute, towards the performance of their functions in that capacity.
- (3) There shall be debited to the water resources account of a river authority—
 - (a) all expenses incurred and payments made by the authority in connection with their new functions, including so much of the necessary and proper establishment expenses of the authority as is attributable to those functions, but excluding any expenses which, in accordance with the following provisions of this Part of this Act, are defrayed out of any reserve fund or replacement fund maintained by them and any payments made out of any sinking fund so maintained;
 - (b) so much of any expenses incurred and payments made by the authority, in their capacity as a drainage authority or fisheries authority, or as successors to a navigation authority, harbour authority or conservancy authority, in

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respect of matters contributing towards the performance of their new functions (including any amounts paid into any sinking fund maintained by them, but excluding any payments made out of such a fund, as may be determined by the river authority to be expenses or payments which ought to be debited to that account;

- (c) any amounts which, in accordance with the following provisions of this Part of this Act, are paid by the authority, out of receipts carried to the credit of that account, into any reserve fund or replacement fund maintained by them and any amounts paid by the authority out of such receipts into any sinking fund so maintained;
 - (d) such part (if any) of any excess calculated under section 87(9) of this Act, and repaid by the authority in pursuance of that subsection, as has been carried to the credit of that account in accordance with paragraph (a) of the last preceding subsection.
- (4) References in this section to a river authority in their capacity as a fisheries authority are references to the river authority in their capacity as a body having functions relating to fisheries.

84 Reserve funds of river authorities

- (1) At any time on or after the date on which a charging scheme prepared by a river authority comes into operation, the river authority may establish and thereafter maintain a reserve fund.
- (2) Subject to the next following subsection, a river authority may pay into their reserve fund any receipts of the authority carried to the credit of their water resources account.
- (3) Except with the consent of the Minister, no sum shall be paid into the reserve fund of a river authority so as to make the amount at any time comprised in the fund exceed ten per cent. of the aggregate amount of capital expenditure incurred by the authority and their predecessors before that time; and the amount paid into the reserve fund of a river authority in any financial year shall not, except with the consent of the Minister, exceed one per cent. of the aggregate amount of capital expenditure incurred by the authority and their predecessors before the beginning of that year.
- (4) Any moneys for the time being comprised in the reserve fund of a river authority may be applied in or towards the payment of any expenses (whether properly chargeable to capital or to revenue account) which, apart from this section, would fall to be debited to their water resources account.
- (5) In this and the next following section "capital expenditure " means expenditure properly chargeable to capital account; and references in this and the next following section to capital expenditure incurred before any time by the predecessors of a river authority are references—
 - (a) in the case of a river authority established by virtue of section 3 of this Act, to any capital expenditure incurred by the river board or boards for whose area or areas the river authority is so established, and
 - (b) in the case of a river authority established by an order under section 10 of this Act, to any capital expenditure incurred before that time by a river authority whose area is wholly included in the area of that river authority, and such proportion as the Minister may determine of any capital expenditure so incurred by a river authority whose area is partly so included.

85 Replacement funds of river authorities

- (1) A river authority may at any time establish and thereafter maintain a replacement fund, and, subject to the following provisions of this section, may pay into that fund any receipts of the authority.
- (2) Any moneys for the time being comprised in the replacement fund of a river authority may be applied in or towards defraying the cost of replacing or repairing any plant, machinery, vehicle or article belonging to the authority or any part of any such plant, machinery, vehicle or article.
- (3) Except with the consent of the Minister, no sum shall be paid into the replacement fund of a river authority so as to make the amount at any time comprised in the fund exceed five per cent. of the aggregate amount of capital expenditure incurred by the authority and their predecessors before that time; and the amount paid into the replacement fund of a river authority in any financial year shall not, except with the consent of the Minister, exceed one half of one per cent. of the aggregate amount of capital expenditure incurred by the authority and their predecessors before the beginning of that year.

86 Investment of moneys in reserve and replacement funds

- (1) Where a river authority maintain a reserve fund, any moneys for the time being comprised in that fund shall, pending the application thereof in accordance with section 84 (4) of this Act, be invested in accordance with the following provisions of this section.
- (2) Sections 1, 2, 5, 6, 12 and 13 of the Trustee Investments Act 1961 (which relate to the investment powers of trustees) shall have effect in relation to any such moneys, and in relation to any investments or other property for the time being representing any such moneys, as if they constituted a trust fund and the river authority were the trustees of that trust fund; and section 7 (2) of that Act (which relates to certain local and other authorities) shall have effect in relation to sections 1, 2, 5 and 6 of that Act as applied by this subsection as it has effect in relation to those sections as applied by section 7 (1) of that Act.
- (3) River authorities shall be included among the authorities to which section 11 of that Act applies (which relates to the operation of collective investment schemes).
- (4) Any income arising from, any such moneys, investments or property as are mentioned in subsection (2) of this section shall be treated as revenue available generally for defraying any expenses of the river authority which do not fall to be debited to their water resources account or paid out of the reserve fund or any replacement fund maintained by them.
- (5) Where any income is treated as mentioned in the last preceding subsection, there shall be paid into the reserve fund, from revenue available as mentioned in that subsection, a sum equal to the amount of that income:

Provided that if the payment of a sum under this subsection would contravene any restriction imposed by section 84 (3) of this Act, then, so far as may be necessary for avoiding any such contravention, the sum so payable shall be reduced, or, as the case may require, shall not be paid.

- (6) The provisions of this section shall have effect in relation to a replacement fund maintained by a river authority as they have effect in relation to a reserve fund so

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maintained, with the substitution, for the reference to section 84 (4), of a reference to section 85 (2), and for the reference to section 84 (3), of a reference to section 85 (3) of this Act.

87 Precepts by river authorities

(1) For the purposes of this section the aggregate amount required to be raised by precept by a river authority for any financial year shall be ascertained as follows, that is to say—

- (a) subject to the following paragraphs, that aggregate amount shall be an amount equal to so much of the expenditure of the river authority for that financial year as is not debited to the water resources account of the authority and is neither defrayed out of any reserve fund, replacement fund or sinking fund maintained by the authority nor defrayed out of sums received by the authority in respect of that year otherwise than by virtue of this section, together with so much of the total amount (if any) paid by the authority in that financial year into any such replacement fund or sinking fund as is not debited to the water resources account of the authority;
- (b) in the case of any financial year for which the relevant water resources expenditure of the river authority exceeds the relevant water resources receipts of the authority, the amount of the excess shall be added to the amount specified in the preceding paragraph;
- (c) there shall also be added to the amount specified in paragraph (a) of this subsection any amount required to be provided in that financial year by way of new working capital, and there shall be added to, or (as the case may be) deducted from, the amount so specified any amount required to be brought forward from a previous financial year, and to be so added or deducted, in accordance with the following provisions of this section.

(2) In paragraph (b) of the preceding subsection "relevant water resources expenditure", in relation to any financial year, means any expenditure of the river authority, and any amount paid by the authority into a replacement fund or sinking fund maintained by them, which—

- (a) is incurred or paid before the coming into operation of a charging scheme prepared by the river authority, and
- (b) is debited in respect of that year to the water resources account of the authority by virtue of any of paragraphs (a) to (c) of section 83 (3) of this Act,

and "relevant water resources receipts", in relation to a financial year, means any receipts of a river authority which, not being sums received by virtue of this section, are carried to the credit of the water resources account of the authority for that year:

Provided that the Minister may in any particular case direct that, in relation to any financial year of a river authority specified in the direction, paragraph (a) of this subsection shall be disregarded, either wholly or in respect of any such expenditure or amount as may be so specified.

(3) Not later than the end of the month of February immediately preceding each financial year, each river authority shall estimate the aggregate amount required to be raised by precept by the river authority for that year; and that amount shall be apportioned by the river authority among the councils of counties and county boroughs any part of which is comprised in the river authority area, on the basis of the appropriate penny rate product for the relevant area of each such council for the relevant year (calculated in accordance with section 121 of this Act).

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- (4) A river authority may issue precepts to the councils of counties and county boroughs requiring payment of amounts apportioned to those councils under the last preceding subsection ; and, subject to the following provisions of this section, each such council shall pay, in accordance with any precept issued to the council, the amount thereby demanded.
- (5) If at any time during a financial year it appears to a river authority that the aggregate amount for which they have issued precepts for that year will fall short of the aggregate amount required to be raised by precept by the authority for that year, the authority shall estimate the amount of the deficiency; and the provisions of subsections (3) and (4) of this section shall have effect in relation to an amount estimated under this subsection as they have effect in relation to an amount estimated under subsection (3) of this section.
- (6) Subject to the next following subsection, the aggregate amount for which precepts may be issued under this section for any one financial year to the council of a county or county borough shall not, except with the consent of a majority of the whole number of the local authority members of the river authority, exceed four times the appropriate penny rate product for the relevant area of the council for the relevant year.
- (7) Where a river authority have borrowed or propose to borrow any money under this Act, and a majority of the whole number of the local authority members of the river authority so resolve, the last preceding subsection shall have effect, during the currency of the loan, as if for the reference to four times the appropriate penny rate product for the relevant area of the council there were substituted a reference to such greater amount as may be specified in the resolution.
- (8) It shall be the duty of a river authority to prepare, in such form as the Ministers may direct, a statement of the purposes to which the amount demanded by any precept issued by the authority under this section is intended to be applied, and of the basis on which it is calculated; and the council of a county or county borough shall not be liable to pay the amount demanded by any such precept until they have received such a statement.
- (9) It shall also be the duty of a river authority, as soon as practicable after the end of each financial year, to calculate the amount by which the amount demanded by any precept for that year issued under this section to the council of a county or county borough exceeds, or falls short of, the amount which would have fallen to be so demanded from that council if the apportionment under subsection (3) of this section had been made, in relation to each of the councils referred to in that subsection, on the basis of whichever is the greater of the following amounts, that is to say—
 - (a) the amount of the actual product of a rate of one penny in the pound for the relevant area of the council for that year, and
 - (b) the final standard penny rate product for that area for that year;and if in any case the calculation under this subsection shows an excess, the amount of the excess shall be recoverable by the council from the river authority, or, if it shows a deficiency, the amount of the deficiency shall be recoverable by the river authority from the council.
- (10) For the purposes of the last preceding subsection the final standard penny rate product for the relevant area of a county or county borough council for any year shall be ascertained as follows, that is to say—

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- (a) where the relevant area of the council is the whole of its area, the amount of that product shall be taken to be the amount of the standard penny rate product for that area for that year as ascertained for the purposes of section 5 of the Local Government Act 1958 (which relates to Rate-deficiency Grants), and
 - (b) in any other case, the amount of that product shall be taken to be the amount which bears to the standard penny rate product (as so ascertained) for the whole of the area of the council for that year the same proportion as the actual product of a rate of one penny in the pound for the relevant area of the council for (that year bears to the actual product of such a rate for the whole of the area of the council for that year.
- (11) As soon as practicable after the end of each financial year, each river authority shall also ascertain the actual amount which was the aggregate amount required to be raised by precept by the authority for that year, and shall determine whether, and (if so) how far, the aggregate amount for which precepts have been issued by the river authority for that year exceeds or falls short of the amount ascertained under this subsection; and if the comparison under this subsection shows an excess or a deficiency, the amount of the excess or deficiency shall be brought forward to the next financial year and (if an excess) shall be deducted, or (if a deficiency) shall be added, in ascertaining the aggregate amount required to be raised by precept by the river authority for that next financial year.
- (12) The preceding provisions of this section shall have effect subject to the provisions of Part I of Schedule 11 to this Act in the circumstances specified in that Part of that Schedule.

88 General provisions as to finances of river authorities

- (1) Where a river authority holds any funds, or any interest in any funds, created under any local Act for fishery purposes, those funds or that interest shall only be used for the purposes for which the funds or interest could have been used if this Act had not been passed.
- (2) Subject to the preceding subsection, all revenues of a river authority, other than revenues falling to be carried to the credit of their water resources account, shall be available generally for defraying any expenses of the river authority which do not fall to be debited to that account:

Provided that this subsection shall not apply to any receipts of the river authority which are paid into a replacement fund maintained by them under section 85 of this Act, to any special drainage charges levied by the authority under section 3 of the Land Drainage Act 1961, or to any receipts of the authority in their capacity as the drainage board of an internal drainage district.

89 Grants by Minister for works under hydrometric schemes

- (1) Subject to the provisions of this section, the Minister may make grants to any river authority, of such amounts as the Treasury may sanction, towards expenditure incurred by the authority in the construction or alteration of works in accordance with a hydrometric scheme.
- (2) No grant shall be made under this section in respect of any works unless the plans and sections for the construction or alteration have been approved by the Water Resources

Board, and the Board report to the Minister that they are satisfied that the construction or alteration is being properly carried out.

90 Contributions by Water Resources Board to river authorities

The Water Resources Board shall have power to contribute to any river authority such sums as the Board may with the approval of the Minister determine in respect of—

- (a) any expenses incurred by the river authority in obtaining and recording measurements of rainfall, evaporation, the flow, level or volume of inland waters, and other related matters, in so far as they are measurements which are not required to be obtained and recorded under a hydrometric scheme prepared by the river authority;
- (b) any work of an experimental nature carried out by the river authority in pursuance of any direction given or request made by the Board.

91 Contributions between river authorities and certain other authorities

- (1) Where, on the application of a navigation authority, harbour authority or conservancy authority, it appears to a river authority that any works constructed or maintained by the applicants (whether before or after the passing of this Act) have made, or will make, a beneficial contribution towards the fulfilment of the purposes of the river authority's new functions, the river authority shall contribute to the applicants such sums, on such terms and conditions, as they and the applicants may agree to be appropriate towards the expenditure incurred or to be incurred by the applicants in constructing or maintaining those works.
- (2) Where, on the application of a river authority, it appears to a navigation authority, harbour authority or conservancy authority that any works constructed or maintained by a river authority in the performance of their new functions have made, or will make, a beneficial contribution towards the performance of the functions of the authority to whom the application is made, that authority shall contribute to the river authority such sums, on such terms and conditions, as they and the river authority may agree to be appropriate towards the expenditure incurred or to be incurred by the river authority in constructing or maintaining those works.
- (3) If, on any application under this section, the authority to whom the application is made (in this subsection referred to as "the other authority concerned") refuse to make a contribution, or the applicants and the other authority concerned are unable to agree as to the sums to be contributed or the terms and conditions on which they are to be contributed.—
 - (a) the applicants or the other authority concerned may refer the matter in dispute to the Minister and the Minister of Transport, and
 - (b) those Ministers may either determine that matter themselves or may refer it for determination to an arbitrator appointed by them for the purpose ;and any decision of those Ministers or of an arbitrator under paragraph (b) of this subsection shall be final, and the other authority concerned shall contribute in accordance with the decision as if the sums, or the terms and conditions, determined under that paragraph had been agreed to be appropriate as mentioned in subsection (1) or subsection (2) of this section, as the case may be.
- (4) Any expenditure incurred by a navigation authority, harbour authority or conservancy authority in paying any contribution under this section shall be defrayed in the like manner as any corresponding expenditure of that authority; and the authority shall

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have the like powers for the purpose of raising money required for paying any such contribution as they would have for the purpose of raising money required for defraying any such corresponding expenditure.

- (5) In the last preceding subsection any reference to corresponding expenditure of a navigation authority, harbour authority or conservancy authority is a reference to expenditure incurred by the authority in performing the functions in respect of which it is claimed by the applicants that the works in question have made, or will make, a beneficial contribution as mentioned in subsection (2) of this section.

92 Borrowing powers

- (1) A river authority may borrow temporarily, by way of overdraft or otherwise, such sums as they may require—
- (a) for the purpose of defraying expenses pending the receipt of revenues receivable by them in respect of the period of account to which those expenses are chargeable and taken into account in the estimates made by them for that period;
 - (b) for the purpose of defraying, pending the raising of money by a mortgage under the following provisions of this section, expenses intended to be defrayed by means of that money.
- (2) Subject to the next following subsection, a river authority may borrow money by mortgage for all or any of the following purposes, that is to say—
- (a) the acquisition of land or of any interest in or right over land;
 - (b) the construction of any buildings or other permanent works;
 - (c) the doing of any other thing the cost of which, in the opinion of the appropriate Minister or Ministers, ought to be spread over a term of years ;
 - (d) the repayment of any money previously borrowed by them or borrowed by a river board or other body for the purposes of functions which, by or under this Act, are transferred (whether from that body or another body) to the river authority.
- (3) No money shall be borrowed under the last preceding subsection for any such purpose as is mentioned in paragraphs (a) to (c) of that subsection except with the consent of the appropriate Minister or Ministers; and a river authority shall not by virtue of paragraph (d) of that subsection have power to borrow for the purpose of making any payment to a sinking fund or of paying any instalment, or making any annual payment, which has or may become due in respect of borrowed money.
- (4) Moneys borrowed by a river authority under subsection (2) of this section shall be charged indifferently on all the revenues of the authority except any such funds as are referred to in section 88 (1) of this Act.
- (5) Subject to the next following subsection, sections 198 to 200, sections 202, 203, 205 and 206, section 207 (except subsection (5)) and sections 208 to 214 of the Local Government Act 1933, so far as they are applicable to the borrowing of money under subsection (2) of this section, shall apply to any borrowing thereunder subject to the following modifications:—
- (a) for references to a local authority there shall be substituted references to a river authority ;
 - (b) for references to the Minister there shall be substituted references to the appropriate Minister or Ministers;

- (c) "prescribed", except in section 205 of that Act, shall mean prescribed by regulations made by the Ministers;
 - (d) for references to the county fund or the general rate fund there shall be substituted references to the general revenues of the river authority.
- (6) Where under subsection (2) of this section any money is borrowed by a river authority for a purpose falling within their new functions and the purpose consists of or includes the construction of buildings or other permanent works.—
- (a) the river authority may, if they think fit, postpone the repayment (by sinking fund or otherwise) of the principal sum borrowed until the end of the preliminary period;
 - (b) whether repayment is so postponed or not, the purposes for which the river authority are authorised to borrow money under subsection (2)(b) of this section shall include the borrowing of money to pay interest on the principal sum borrowed during the preliminary period.

In this subsection "the preliminary period" means the period beginning with the date of the borrowing first mentioned in this subsection and ending with whichever of the following dates first occurs, that is to say—

- (i) the date of the fifth anniversary of the date of that borrowing, and
 - (ii) the date on which the buildings or works in question are first brought into use.
- (7) Where money is borrowed in pursuance of paragraph (b) of subsection (1) of this section and subsequently money is raised by a mortgage as mentioned in that paragraph, then, for the purposes of the provisions of the Local Government Act 1933 applied by subsection (5) of this section, in so far as they regulate the repayment of the money raised by that mortgage, the money shall, to the extent of the sum borrowed in pursuance of subsection (1)(b) of this section, be deemed to have been raised at the time when that borrowing took place.
- (8) Nothing in this section shall be construed as authorising a river authority to borrow any money in contravention of any order made under section 1 of the Borrowing (Control and Guarantees) Act 1946 which is for the time being in force.
- (9) The provisions of Part II of Schedule 11 to this Act shall have effect with respect to borrowing before the second appointed day.

93 Expenses of Water Resources Board and expenses and receipts of Ministers

- (1) The expenses of the Water Resources Board under this Act shall be defrayed by the Minister.
- (2) Any expenses incurred by the Minister, the Minister of Agriculture, Fisheries and Food or the Minister of Transport in consequence of the provisions of this Act shall be defrayed out of moneys provided by Parliament.
- (3) There shall be defrayed out of moneys provided by Parliament any increase attributable to this Act in the sums payable out of moneys so provided by way of Rate-deficiency Grant or Exchequer Equalisation Grant under the enactments relating to local government in England and Wales or in Scotland.
- (4) Any receipts of any of the said Ministers under this Act shall be paid into the Exchequer.