



# Water Resources Act 1991

## 1991 CHAPTER 57

### PART VI

#### FINANCIAL PROVISIONS IN RELATION TO THE AUTHORITY

### CHAPTER I

#### GENERAL FINANCIAL PROVISIONS

#### **117 General financial duties**

- (1) Subject to section 118 below, the Ministers may, after consultation with the Authority and with the Treasury's approval, determine the financial duties of the Authority, and different determinations may be made for different functions and activities of the Authority.
- (2) The Ministers shall give the Authority notice of every determination under this section, and such a determination may—
  - (a) relate to a period beginning before the date on which it is made;
  - (b) contain supplemental provisions; and
  - (c) be varied by a subsequent determination.
- (3) Subject to sections 118(1) and 119(2) below, where it appears to the Secretary of State that the Authority has a surplus, whether on capital or revenue account, the Secretary of State may, after consultation with the Treasury and the Authority, direct the Authority to pay to him such amount not exceeding the amount of that surplus as may be specified in the direction.
- (4) Any sum received by the Secretary of State under subsection (3) above shall be paid into the Consolidated Fund.

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## **118 Special duties with respect to flood defence revenue**

- (1) Revenue raised by the Authority as mentioned in subsection (2) below—
  - (a) shall, except for any amount falling within subsection (3) below, be spent only in the carrying out of the Authority's flood defence functions in or for the benefit of the local flood defence district in which it is raised; and
  - (b) shall be disregarded in determining the amount of any surplus for the purposes of section 117(3) above.
- (2) The revenue referred to in subsection (1) above is revenue raised by the Authority in a local flood defence district—
  - (a) by virtue of any regulations under section 74 of the Local Government Finance Act 1988 (power to issue levies);
  - (b) by general drainage charges under sections 134 to 136 below;
  - (c) by special drainage charges under sections 137 and 138 below; or
  - (d) by contributions required under section 139(1) below.
- (3) An amount falls within this subsection if it is an amount which the Authority considers it appropriate—
  - (a) to set aside towards research or related activities or towards meeting the Authority's administrative expenses; or
  - (b) to be paid by way of contribution towards expenses incurred by the Authority or any regional flood defence committee under arrangements made for the purposes of section 106(1)(b) above.
- (4) Any amount specified in a resolution under section 58(1)(b) of the Land Drainage Act 1991 in relation to any local flood defence district (allocation of revenue in lieu of contributions) shall be treated for the purposes of this section as if it were revenue actually raised by contributions required under section 139(1) below.
- (5) For the purposes of this section, the following sums, that is to say—
  - (a) any sums held by the Authority by virtue of any transfer of property, rights or liabilities from a water authority in accordance with a scheme under Schedule 2 to the Water Act 1989, in so far as those sums represent amounts which the water authority was required by virtue of paragraph 31 of Schedule 3 to the Water Act 1973 to spend only in the discharge of their land drainage functions in or for the benefit of a particular local land drainage district; and
  - (b) any sums raised by the Authority in a flood defence district by virtue of a precept issued under section 46 of the Land Drainage Act 1976,
 shall be treated as revenue raised by the Authority as mentioned in subsection (2) above in the corresponding local flood defence district or, as the case may be, in that local flood defence district.
- (6) For the purposes of this section so much of the area of a regional flood defence committee as is an area in relation to which no local flood defence scheme is in force shall be treated as a single local flood defence district.

## **119 Duties with respect to certain funds raised under local enactments**

- (1) The funds which the Authority is required at the coming into force of this section under subsection (1) of section 88 of the Water Resources Act 1963 (funds held for particular purposes under local statutory provisions) to use only for particular purposes and any

interest in any such funds shall not be used except for the purposes for which they could be used by virtue of that subsection.

- (2) Any funds to which subsection (1) above applies shall be disregarded in determining the amount of any surplus under section 117(3) above.

## **120 Contributions between the Authority and certain other authorities**

- (1) Where, on the application of a navigation authority, harbour authority or conservancy authority, it appears to the Authority that any works constructed or maintained by the applicants have made, or will make, a beneficial contribution towards the fulfilment of the purposes of the Authority's water resources functions, the Authority shall contribute towards the expenditure incurred or to be incurred by the applicants in constructing or maintaining those works.
- (2) Where, on the application of the Authority, it appears to a navigation authority, harbour authority or conservancy authority that any works constructed or maintained by the Authority in the carrying out of its water resources functions have made, or will make, a beneficial contribution towards the carrying out of the functions of the authority to whom the application is made, that authority shall contribute to the Authority towards the expenditure incurred or to be incurred by the Authority in constructing or maintaining those works.
- (3) Subject to the following provisions of this section, the sums to be paid by way of contribution and the terms and conditions on which they are to be paid shall be such as the Authority and the other authority concerned may agree to be appropriate.
- (4) If on any application under this section—
- (a) the Authority or, as the case may be, the other authority to whom the application is made refuses to make a contribution; or
  - (b) the Authority 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,
- the Authority or the other authority concerned may refer the matter in dispute to the Secretary of State.
- (5) On a reference under subsection (4) above the Secretary of State may either—
- (a) determine that matter himself; or
  - (b) refer it for determination to an arbitrator appointed by him for the purpose;
- and where any decision has been made by the Secretary of State or an arbitrator under this subsection, the decision shall be final and a contribution shall be made in accordance with the decision as if the sums, terms or conditions determined under this subsection had been agreed to be appropriate as mentioned in subsection (3) above.
- (6) 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 that authority shall have the same 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 corresponding expenditure of that authority.
- (7) In subsection (6) above the references to corresponding expenditure of a navigation authority, harbour authority or conservancy authority, in relation to the payment of a contribution in respect of any works, are references to expenditure incurred by the

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authority in performing the functions in respect of which it is claimed by the Authority that the works have made, or will make, such a beneficial contribution as is mentioned in subsection (2) above.

- (8) References in this section to the water resources functions of the Authority are references to the functions of the Authority under Part II of this Act or under any provisions not contained in that Part which are related water resources provisions in relation to Chapter II of that Part.

## **121 Accounts of the Authority**

- (1) It shall be the duty of the Authority—
- (a) to keep proper accounts and proper records in relation to the accounts; and
  - (b) to prepare in respect of each accounting year a statement of accounts giving a true and fair view of the state of affairs and the income and expenditure of the Authority.
- (2) Every statement of accounts prepared by the Authority in accordance with this section shall comply with any requirement which the Ministers have, with the consent of the Treasury, notified in writing to the Authority and which relates to any of the following matters, namely—
- (a) the information to be contained in the statement;
  - (b) the manner in which that information is to be presented;
  - (c) the methods and principles according to which the statement is to be prepared.
- (3) Subject to subsection (4) below, in this section and section 122 below “accounting year”, in relation to the Authority, means a financial year.
- (4) If the Secretary of State so directs in relation to any accounting year of the Authority, that accounting year shall end with such date other than the next 31st March as may be specified in the direction; and, where the Secretary of State has given such a direction, the following accounting year shall begin with the day after the date so specified and, subject to any further direction under this subsection, shall end with the next 31st March.

## **122 Audit**

- (1) The accounts of the Authority shall be audited by auditors appointed for each accounting year by the Secretary of State.
- (2) A person shall not be qualified for appointment for the purposes of subsection (1) above unless he is—
- (a) a member of a body of accountants established in the United Kingdom and recognised for the purposes of section 389(1)(a) of the Companies Act 1985; or
  - (b) a member of the Chartered Institute of Public Finance and Accountancy;
- but a firm may be so appointed if each of its members is qualified to be so appointed.
- (3) A copy of any accounts of the Authority which are audited under subsection (1) above and of the report made on those accounts by the auditors shall be sent to each of the Ministers as soon as reasonably practicable after the report is received by the Authority; and the Secretary of State shall lay a copy of any accounts or report sent to him under this subsection before Parliament.

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- (4) The Comptroller and Auditor General shall be entitled to inspect the contents of all books, papers and other records of the Authority relating to, or to matters dealt with in, the accounts required to be kept by virtue of section 121 above; and, accordingly, section 6 of the National Audit Act 1983 (examinations of economy, efficiency and effectiveness) shall apply to the Authority.
- (5) In this section “accounts”, in relation to the Authority, includes any statement under section 121 above.