



# Statutory Water Companies Act 1991

## 1991 CHAPTER 58

An Act to consolidate certain enactments relating to statutory water companies. [25th July 1991]

Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

### Modifications etc. (not altering text)

- C1 [A table showing the derivation of the provisions of this Consolidation Act will be found at the end of the Act. The table has no official status.]  
C2 Act: Transfer of functions (W.) (1.7.1999) by S.I. 1999/672, art. 2, Sch. 1

### Commencement Information

- II Act wholly in force at 1.12.1991 see s. 17(2)

## PART I

### POWERS OF STATUTORY WATER COMPANIES

#### *General powers*

#### **1 General powers of companies holding appointments.**

- (1) Subject to the following provisions of this section, a statutory water company holding an appointment under Chapter I of Part II of the <sup>M1</sup>Water Industry Act 1991 as a water undertaker for any area—
- (a) shall have power to do anything (whether in that area or elsewhere) which, in the opinion of the company, is calculated to facilitate, or is conducive or

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- incidental to, the carrying out of the functions which are functions of the company by virtue of the appointment; and
- (b) without prejudice to the generality of that power, shall have power, for the purposes of, or in connection with, the carrying out of those functions—
- (i) to acquire and dispose of land and other property;
  - (ii) to carry out such engineering or building operations at such places (whether in that area or elsewhere) as the company considers appropriate; and
  - (iii) to supply water fittings to any person to whom they supply water and to install, repair and alter such a person’s water fittings, whether or not supplied by the company.
- (2) Without prejudice to the generality of the power conferred by virtue of paragraph (a) of subsection (1) above, a company such as is mentioned in that subsection shall have power—
- (a) to provide for any person outside the United Kingdom advice or assistance, including training facilities, as respects any matter in which the company has skill or experience;
  - (b) to become a member of any body formed for the purpose of promoting the interests of water undertakers or any description of water undertakers; and
  - (c) to make donations and incur expenditure for the benefit of its officers and employees and in particular to pay, or make provision (whether by contributory or non-contributory schemes or otherwise) for the payment of, pensions, allowances or gratuities to or in respect of any persons who have been or are officers or employees of the company.
- (3) Nothing in this section with respect to the carrying out of works shall be construed as conferring any power otherwise than for the purpose of removing such a limitation on the capacity of a statutory water company as would, apart from this section, exist by virtue of the company’s constitution.
- (4) Accordingly, without prejudice to the provisions of Part VI of the <sup>M2</sup>Water Industry Act 1991, this section shall be disregarded for the purpose of determining whether a statutory water company is liable, on grounds other than such a limitation as is mentioned in subsection (3) above, for any act or omission in exercise of a power to carry out works conferred by this section.
- (5) Nothing in this section shall be construed as authorising a statutory water company to carry on the business of a manufacturer of water fittings.
- (6) In this section “supply”, in relation to water fittings, has the same meaning as it has in Part II of the <sup>M3</sup>Consumer Protection Act 1987 by virtue of section 46 of that Act.

**Marginal Citations**

**M1** 1991 c. 56.

**M2** 1991 c. 56.

**M3** 1987 c. 43.

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*Status: Point in time view as at 01/10/2009.*

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### *Powers to issue redeemable stock*

## **2 Powers to issue redeemable stock.**

- (1) This section applies, subject to the following provisions of this Act, to every statutory water company which—
  - (a) has created or issued any redeemable stock; or
  - (b) has authority to create and issue any stock.
- (2) Subject to the following provisions of this section and to section 3 below, a company to which this section applies may from time to time issue, so as to be redeemable, any stock created by them or any redeemed stock.
- (3) No redeemed stock shall be issued under this section except for the purpose of effecting the redemption of redeemable stock under the provisions of section 3 below unless the issue is authorised by a resolution of a general meeting of the company.
- (4) No new stock shall be created, nor shall any redeemed stock be issued by a statutory water company, so as to make the total amount of any particular class of stock exceed the amount of stock of that class which the company is for the time being authorised to create except during an interval of three months between—
  - (a) the creation or, in the case of redeemed stock, the issue of the stock; and
  - (b) the completion of the redemption of redeemable stock for the purpose of redeeming which the stock of that particular class is proposed to be created or issued.
- (5) Where any preference stock is created or issued by a statutory water company as mentioned in subsection (4) above, the amount raised by means of that stock shall, for the purposes of any enactment, statutory order or resolution regulating the borrowing powers of the company, be deemed during any such interval as is so mentioned not to have been raised.
- (6) In this section and section 3 below—
  - “issue” includes reissue;
  - “preference stock” includes preference shares;
  - “redeemable stock” means stock issued so as to be redeemable;
  - “redeemed stock” means redeemable stock which has been redeemed and is available for issue under the provisions of this section or section 3 below; and
  - “stock” means preference stock or debenture stock.

## **3 Terms and conditions of issue and redemption of redeemable stock.**

- (1) Subject to the following provisions of this section and to section 4 below, redeemable stock issued by a company to which section 2 above applies—
  - (a) shall bear such rate of dividend or interest; and
  - (b) shall be redeemable at such time, in such manner and subject otherwise to such terms and conditions,as the company may have determined before issuing the stock.
- (2) The terms and conditions of redemption upon which any redeemable stock is issued by a company to which section 2 above applies shall be stated—
  - (a) in any offer by the company of any of the stock for sale; and

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- (b) in every certificate of the stock;  
and a term or condition which is not so stated shall not be binding upon the holder of the stock.
- (3) Redeemable stock may be redeemed either—
- (a) by paying off the stocks; or
  - (b) by issuing, to an assenting holder of the stock, other stock in substitution for the redeemable stock;
- and for the purpose of raising money to pay off, or of providing stock in substitution for, any redeemable stock, a company to which section 2 above applies may (subject to subsections (4) and (5) of that section) create new stock or issue redeemed stock, in either case, so as to be redeemable or irredeemable, as the company thinks fit.
- (4) A company to which section 2 above applies shall not redeem any redeemable stock out of revenue; but any discount allowed on the issue of redeemable stock, or any premium payable on redemption, may be written off out of revenue.
- (5) The redemption, by a company to which section 2 above applies, of any preference stock issued so as to be redeemable shall not affect the validity of any mortgage or of any debenture stock if the grant or issue of the mortgage or debenture stock by the company was lawful in the circumstances existing at the date of the grant or issue.

*Relaxation of restrictions affecting raising of capital*

**4 Relaxation of limits on capital, borrowing and dividends.**

- (1) Subject to the following provisions of this section and to section 5 below, so much of any provision contained in any local statutory provision, or having effect by virtue of anything done under any relevant provision, as—
- (a) imposes any limit to which this section applies in relation to any statutory water company; or
  - (b) otherwise relates to any such limit,
- shall have effect subject to such modifications as may be approved by special resolution of the company.
- (2) This section applies, in relation to a statutory water company, to the following limits (whether they are expressed by reference to a specified sum or percentage or by reference to the respective proportions of, or of different descriptions of, capital raised and sums borrowed or to any other matter), that is to say—
- (a) a limit on the amount of capital, or of capital of a particular description, that may be raised by the company;
  - (b) a limit on the amount that may be borrowed, or borrowed in a particular way or in particular circumstances, by the company; and
  - (c) a limit on the dividends payable on shares or stock in the company, or on shares or stock of a particular description.
- (3) Where there is a division of the shares or stock of a statutory water company into different classes, no modification of a limit falling within subsection (2)(c) above shall have effect by virtue of this section unless a consent to or approval of the modification has been given under subsection (4) below in respect of each class the rights attached to which are varied in consequence of the modification.

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- (4) A consent or approval is given for the purposes of subsection (3) above in respect of a class of shares or stock if—
- (a) consent in writing to the modification has been given by not less than three-quarters, in nominal value, of the members of the company holding shares or stock of that class; or
  - (b) a resolution approving the modification is passed by not less than three-quarters, in nominal value, of the members of the company holding shares or stock of that class who are present (whether in person or by proxy) at a meeting of which not less than twenty-one days' notice, specifying the intention to propose the resolution, has been duly given.
- (5) For the purpose of determining whether the requirements of subsection (3) above are satisfied in relation to any two or more classes of shares or stock in a statutory water company, it shall be immaterial that consents and approvals have been given in respect of different classes in accordance with different paragraphs of subsection (4) above.
- (6) Provision having effect by virtue of a resolution passed in accordance with this section may be modified by a subsequent such resolution.
- (7) The modifications that may be made by virtue of this section do not include, in the case of a limit falling within subsection (2)(a) above, any modification having the effect of reducing the authorised share capital, or the authorised capital stock, of the statutory water company in question.
- (8) In this section—
- “relevant provision” means section 3(1) above, section 41(5) of the <sup>M4</sup>Water Act 1945, the provisions of the <sup>M5</sup>Statutory Companies (Redeemable Stock) Act 1915 or any local statutory provision;
  - “special resolution”, in relation to a statutory water company, means a resolution passed by a majority of not less than three-quarters of such of the members of the company as (being entitled to do so) vote (whether in person or by proxy) at a meeting of the company of which not less than twenty-one days' notice, specifying the intention to propose the resolution, has been duly given;
- and in computing any majority for the purposes of the definition of “special resolution” the regulations contained in any local statutory provision as to the number of votes to which each member is entitled shall apply.

#### Marginal Citations

**M4** 1945 c. 42.

**M5** 1915 c. 44.

## 5 Appeals to the court in respect of applications under section 4.

- (1) Where subsection (3) of section 4 above applies in relation to a modification specified in a resolution passed for the purposes of that section, the holders of not less, in the aggregate, than fifteen per cent., in nominal value, of the issued shares or stock of any class of shares or stock of the company (being persons who have not for the purposes of that section consented to the modification or voted in favour of any resolution for the modification) may apply to the High Court to have the modification cancelled.

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- (2) An application to the High Court under this section—
- (a) may be made on behalf of the shareholders or stockholders entitled to make the application by such one or more of their number as they may appoint in writing for the purpose; but
  - (b) shall not be made in relation to any modification more than twenty-one days after the date of the giving of the last consent or approval to the modification to be given for the purposes of section 4(1) or (3) above.
- (3) Where an application is made under this section—
- (a) the modification to which it relates shall have no effect unless and until it is confirmed by the High Court; and
  - (b) the High Court, after hearing the applicant and any other persons who apply to that Court to be heard and appear to that Court to be interested in the application—
    - (i) if satisfied, having regard to all the circumstances of the case, that the variation would unfairly prejudice the shareholders or stockholders of the class represented by the applicant, may disallow the modification; and
    - (ii) if not so satisfied, shall confirm it.
- (4) The decision of the High Court on an application under this section shall be final.

## **6 Relaxation of restrictions on payment of interest.**

Nothing in so much of any local statutory provision as imposes a requirement—

- (a) as to the rate of interest at which sums may be borrowed by a statutory water company; or
  - (b) as to the rate at which interest on sums so borrowed is to be paid,
- shall apply in relation to any borrowing by a statutory water company after 31st August 1989.

## **7 Relaxation of restrictions on applications of profits.**

- (1) Notwithstanding the provisions of any local statutory provision, every statutory water company shall have power to form and maintain reserve and contingency funds by setting apart such sums in such circumstances, and to invest those funds in such manner, as it thinks fit.
- (2) Nothing in subsection (1) above shall authorise any failure by a statutory water company to meet any obligation imposed on it by virtue of any local statutory provision to pay any sum to any other person.
- (3) Nothing in any local statutory provision shall have effect so as to impose a limit on the amount that may be carried forward at the end of any period to the credit of the profit and loss (net revenue) account of a statutory water company.

## **8 Relaxation of restrictions on mode of sale of shares or stock.**

Nothing in any local statutory provision shall have effect—

- (a) so as to require any shares or stock in a statutory water company to be offered for sale to the public; or

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- (b) so as to require any offer for the sale of any such shares or stock to be an offer for sale by auction or tender.

### *Arrangements and reconstructions*

## **9 Arrangements and reconstructions by certain companies.**

- (1) [<sup>F1</sup>Part 26 of the Companies Act 2006] (arrangements and reconstructions) shall have effect in relation to statutory water companies that are not limited companies with such modifications as may be prescribed by regulations made by the Secretary of State.
- (2) Section 213 of the <sup>M6</sup>Water Industry Act 1991 (procedure for making regulations and supplemental powers) shall apply in relation to the making of regulations under this section as it applies in relation to the making of regulations under that Act.
- (3) In this section “limited company” means a company, [<sup>F2</sup>as defined in section 1(1) of the Companies Act 2006], which is limited by shares.

#### **Textual Amendments**

- F1** Words in s. 9(1) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), [Sch. 1 para. 180](#) (with arts. 6, 11, 12)
- F2** Words in s. 9(3) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), [Sch. 1 para. 127\(2\)](#) (with art. 10)

#### **Marginal Citations**

- M6** 1991 c. 56.

### *Power to appoint officers as directors*

## **10 Power to appoint officers as directors.**

- (1) Notwithstanding anything in the <sup>M7</sup>Companies Clauses Consolidation Act 1845 (“the 1845 Act”), as applied to any company, but subject to any provision of [<sup>F3</sup>articles] having effect by virtue of an order under section 12 below and to any modification of any [<sup>F4</sup>such articles], the following provisions of this section shall have effect in relation to any statutory water company.
- (2) Any person employed as chief engineer, general manager or secretary of the company may (whether or not he is a shareholder of the company) be appointed a director of the company either by the directors or in the manner provided by the 1845 Act.
- (3) No appointment shall be made by virtue of this section if the appointment would increase the number of the directors of the company in question beyond the maximum number prescribed by any provision of any enactment or statutory order relating to the company; and not more than one director of the company shall hold office by virtue of this section at the same time.
- (4) A person appointed by virtue of this section—
- (a) shall not cease to be a director by reason that he is employed as mentioned in subsection (2) above; but

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- (b) if he was appointed by the directors, shall cease to be a director as from the date of the next ordinary general meeting of the company unless his appointment is approved at that meeting by a majority of the votes of the proprietors of the company entitled to vote or voting (whether personally or by proxy) at the meeting.
- (5) The provisions of the 1845 Act requiring directors to retire by rotation shall have effect as if a person appointed by virtue of this section were not a director.

#### Textual Amendments

- F3** Word in s. 10(1) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), [Sch. 1 para. 127\(3\)\(a\)](#) (with art. 10)
- F4** Words in s. 10(1) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), [Sch. 1 para. 127\(3\)\(b\)](#) (with art. 10)

#### Marginal Citations

- M7** 1845 c. 16.

## PART II

### CONVERSION OF STATUTORY WATER COMPANIES

#### 11 Registration of statutory water companies under <sup>F5</sup>the Companies Act 2006].

- (1) <sup>F6</sup>Chapter 1 of Part 33 of the Companies Act 2006] (registration of companies not formed under that Act) shall have effect in relation to statutory water companies as if—
- (a) any reference in that Chapter to a joint stock company included a reference to such a statutory water company as would not fall to be treated as a joint stock company for the purposes of that Chapter apart from this paragraph; and
  - (b) any reference in that Chapter to an Act of Parliament included a reference to a local statutory provision which is not contained in an Act of Parliament.

<sup>F7</sup>(2) It is hereby declared that nothing in that Chapter (or regulations made under it), or in the Water Act 1989, the Water Industry Act 1991 or this Act, is to be construed as requiring a statutory water company registered under section 1040 of the Companies Act 2006 to be treated for any purpose as if it had been a different person in law before its registration.]

#### Textual Amendments

- F5** Words in s. 11 heading substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), [Sch. 1 para. 127\(4\)\(a\)](#) (with art. 10)
- F6** Words in s. 11(1) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), [Sch. 1 para. 127\(4\)\(b\)](#) (with art. 10)



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**F7** S. 11(2) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), [Sch. 1 para. 127\(4\)\(c\)](#) (with art. 10)

## 12 Adoption of [<sup>F8</sup>articles of association].

(1) Where—

- (a) provision for the constitution and regulation of a statutory water company holding an appointment under Chapter I of Part II of the <sup>M8</sup>Water Industry Act 1991—
  - (i) is contained in local statutory provisions [<sup>F9</sup>having effect in accordance with regulations made under section 1042 of the Companies Act 2006 as if contained in the company's articles]; or
  - (ii) would, apart from this subsection, be so contained if the company became a registered water company;
- (b) the company has by special resolution proposed (whether before or after becoming a registered water company) that provision contained in a [<sup>F10</sup>articles of association] shall have effect in substitution for those local statutory provisions;
- (c) the proposal that a [<sup>F10</sup>articles of association] shall so have effect in relation to the company has been approved by order made by the Secretary of State; and
- (d) in the case of a company that has not already done so, the company becomes a registered water company,

those local statutory provisions shall cease to have effect on such date as may, for the purposes of this subsection, be specified or described in that order and the proposed [<sup>F11</sup>articles] shall come into force on that date subject to any modifications, terms or conditions contained in any order made by the High Court under section 13 below.

(2) The Secretary of State shall not make an order for the purposes of subsection (1)(c) above in relation to a proposal by any company unless it appears to him—

- (a) that neither an application under section 13 below with respect to the company's proposal nor an appeal with respect to the subject-matter of such an application is pending and that the period within which any such application or appeal may be made or brought has expired; and
- (b) where there is —
  - (i) a division of the shares or stock of the company into different classes; and
  - (ii) such a proposed difference between the [<sup>F12</sup>articles] and the local statutory provisions which they will replace as will vary the rights attached to any such class,

that a consent to or approval of the difference has been given under subsection (3) below in respect of each class the rights attached to which would be varied if the order were made.

(3) A consent to or approval of a proposal is given for the purposes of subsection (2)(b) above in respect of a class of shares or stock if—

- (a) consent in writing to the proposal has been given by the holders of not less than three-quarters, in nominal value, of the issued shares or stock of that class; or
- (b) [<sup>F13</sup>a special resolution] approving the proposal is passed at a separate general meeting of holders of shares or stock of that class.

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- (4) For the purpose of determining whether the requirements specified in subsection (2) (b) above are satisfied in relation to any two or more classes of shares or stock in a company, it shall be immaterial that consents and approvals have been given in respect of different classes in accordance with different paragraphs of subsection (3) above.
- (5) Where an order has been made for the purposes of subsection (1)(c) above in relation to any company—
- (a) nothing in sections 1 to 8 above shall have effect on and after the date specified or described in the order so as to confer powers in relation to the company in addition to those conferred by virtue of the company's [<sup>F14</sup>articles];
  - (b) on and after that date, the [<sup>F14</sup>articles] which come into force by virtue of the order shall have effect, in accordance with [<sup>F15</sup>section 33 and the other provisions of the Companies Act 2006], as if they were the company's registered [<sup>F14</sup>articles]; and
  - (c) the company shall, before the end of the period of fifteen days beginning with the day after that date, deliver to the registrar of companies a printed copy of the [<sup>F14</sup>articles] which have so come into force.
- [<sup>F16</sup>(6) Subsections (3) and (4) of section 26 of the Companies Act 2006 (penalty for default in delivering copy of articles to registrar) apply in relation to the obligation imposed by subsection (5)(c) above as in relation to the obligation imposed by subsection (1) of that section.]
- (7) The power to make an order for the purposes of subsection (1)(c) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.
- (8) In this section—
- <sup>F17</sup>  
 ...  
 “registrar of companies” [<sup>F18</sup>means the registrar of companies for England and Wales]; and  
 “special resolution”—
- (a) in relation to a time after the company in question has become a registered water company, means (subject to subsection (2) of section 13 below) a special resolution [<sup>F19</sup>as defined in section 283 of the Companies Act 2006]; and
  - (b) in relation to a time before that company becomes a registered water company, means (subject to that subsection) a special resolution within the meaning of section 4 above.

#### Textual Amendments

- F8** Words in s. 12 heading substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), [Sch. 1 para. 127\(5\)\(a\)](#) (with art. 10)
- F9** Words in s. 12(1)(a)(i) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), [Sch. 1 para. 127\(5\)\(b\)\(i\)](#) (with art. 10)
- F10** Words in s. 12(1)(b)(c) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), [Sch. 1 para. 127\(5\)\(b\)\(ii\)](#) (with art. 10)

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- F11** Word in s. 12(1) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(5)(b)(iii)** (with art. 10)
- F12** Word in s. 12(2)(b)(ii) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(5)(c)** (with art. 10)
- F13** Words in s. 12(3)(b) substituted (1.10.2007) by Companies Act 2006 (Commencement No.3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), art. 1(3)(a), **Sch. 4 para. 66(2)** (with art. 12, Sch. 4 para. 66(4))
- F14** Word in s. 12(5)(a)(b)(c) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(5)(d)(i)** (with art. 10)
- F15** Words in s. 12(5)(b) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(5)(d)(ii)** (with art. 10)
- F16** S. 12(6) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(5)(e)** (with art. 10)
- F17** Words in s. 12(8) omitted (1.10.2007) by virtue of Companies Act 2006 (Commencement No.3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), art. 1(3)(a), **Sch. 4 para. 66(3)(a)** (with art. 12, Sch. 4 para. 66(4))
- F18** Words in s. 12(8) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(5)(f)** (with art. 10)
- F19** Words in s. 12(8) substituted (1.10.2007) by Companies Act 2006 (Commencement No.3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), art. 1(3)(a), **Sch. 4 para. 66(3)(b)** (with art. 12, Sch. 4 para. 66(4))

#### Marginal Citations

**M8** 1991 c. 56.

### 13 Review by High Court of resolution substituting [<sup>F20</sup>articles of association].

- (1) Where a special resolution has been passed containing a proposal, in relation to a company, for a [<sup>F21</sup>articles of association] to have effect as mentioned in subsection (1) of section 12 above, an application for the resolution to be cancelled may be made to the High Court—
- by the holders of not less, in the aggregate, than fifteen per cent., in nominal value, of the company's issued share capital or issued stock;
  - by the holders of not less, in the aggregate, than fifteen per cent., in nominal value, of the issued shares or stock of any class in respect of which a consent to or approval of the proposal to which the resolution relates is required for the purposes of subsection (2)(b) of that section; or
  - if the resolution incorporates a modification of the company's objects, by the holders of not less than fifteen per cent. of such of the company's debentures as entitle the holders to object under this section to such a modification;
- but an application under this section shall not be made by any person who has consented to or voted in favour of the proposal (whether for the purposes of subsection (1) or for the purposes of subsection (2)(b) of that section).
- (2) Accordingly, in the case of such a special resolution for the purposes of section 12(1) above as incorporates a modification of the company's objects—

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- [<sup>F22</sup>(aa) notice must be given to the holders of debentures entitling the holders to object under this section to a modification of the company's objects;
- (ab) that notice must—
- (i) in the case of a written resolution, be given no later than the last day on which copies of the resolution are sent or submitted to members of the company, and
- (ii) in the case of a resolution to be proposed at a meeting, be the same notice as is given for the purposes of the resolution to members of the company; and]
- (b) in the absence of any local statutory provision regulating the giving of that notice, that notice shall be given in accordance with the provisions regulating the giving of the notice to the members.
- (3) An application under this section—
- (a) may be made on behalf of the persons entitled to make it by such one or more of their number as they may appoint in writing for the purpose; but
- (b) shall not be made in relation to any special resolution more than twenty-one days after the date of the last resolution, consent or approval to be passed or given—
- (i) for the purposes of subsection (1)(b) or (2)(b) of section 12 above; or
- (ii) for the purposes, in connection with the company's becoming a registered water company, of [<sup>F23</sup>the procedural requirements for registration laid down by regulations under section 1042 of the Companies Act 2006].
- (4) The powers of the High Court on an application under this section shall be to do one or more of the following, that is to say—
- (a) to make an order, on such terms and conditions as it thinks fit, cancelling the resolution to which the application relates or confirming the proposal contained in that resolution either subject to such modifications of the proposed [<sup>F24</sup>articles] as may be specified in the order or without modifications;
- (b) if it thinks fit, to adjourn the proceedings in order that arrangements may be made to the Court's satisfaction for the purchase of the interests of dissentient members or for the payment of compensation to such members;
- (c) to give such directions and make such orders as it thinks expedient for facilitating or carrying into effect any such arrangement; and
- (d) to require that provision contained in any [<sup>F25</sup>articles], as confirmed by the Court, shall not at any time be modified in the respects specified in the Court's order except with the leave of the Court.
- (5) Without prejudice to the powers conferred by subsection (4)(c) above, an order of the High Court under this section may (if the Court thinks fit) provide for—
- (a) the purchase by a company of the shares or stock of any members of the company; and
- (b) the reduction accordingly of the company's capital;
- and an order which so provides shall not confirm a proposal for a [<sup>F26</sup>articles of association] to have effect in substitution for any local statutory provisions except subject to such modifications (if any) as may be required in consequence of that purchase and reduction.

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F27(6) .....

- (7) The debentures entitling the holders to object under this section to a modification of a company's objects are any debentures secured on the company's undertaking which—
- (a) were issued or first issued before 6th July 1989; or
  - (b) form part of the same series as any debentures so issued but have been issued on or after that date;
- and in this section “debentures” has the same meaning as in [F28 the Companies Acts (see section 738 of the Companies Act 2006)].

#### Textual Amendments

- F20** Words in s. 13 heading substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(6)(a)** (with art. 10)
- F21** Words in s. 13(1) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(6)(b)** (with art. 10)
- F22** S. 13(2)(aa)(bb) substituted (1.10.2007) for s. 13(2)(a) by Companies Act 2006 (Commencement No.3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), art. 1(3)(a), **Sch. 4 para. 67** (with art. 12)
- F23** Words in s. 13(3)(b)(ii) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(6)(c)** (with art. 10)
- F24** Word in s. 13(4)(a) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(6)(d)** (with art. 10)
- F25** Word in s. 13(4)(d) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(6)(d)** (with art. 10)
- F26** Words in s. 13(5) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(6)(e)** (with art. 10)
- F27** S. 13(6) omitted (1.10.2009) by virtue of The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(6)(f)** (with art. 10)
- F28** Words in s. 13(7) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 127(6)(g)** (with art. 10)

#### 14 Power to amend local statutory provisions.

- (1) Where the Secretary of State makes an order for the purposes of section 12(1)(c) above in relation to any company and it appears to him to be appropriate to do so for the purposes of, or in consequence of, the approval contained in the order, he may by order repeal or amend any local statutory provision.
- (2) The power to make an order under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.
- (3) An order under this section may—

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- (a) make different provision for different cases, including different provision in relation to different persons, circumstances or localities; and
- (b) contain such supplemental, consequential and transitional provision as the Secretary of State considers appropriate.

### PART III

#### SUPPLEMENTAL

#### 15 General interpretation.

- (1) In this Act, except in so far as the context otherwise requires—

<sup>F29</sup> ...

“disposal”, in relation to land or any interest or right in or over land, includes the creation of such an interest or right and a disposal effected by means of the surrender or other termination of any such interest or right;

“enactment” includes an enactment contained in this Act or in any Act passed after this Act;

“engineering or building operations”, without prejudice to the generality of that expression, includes—

- (a) the construction, alteration, improvement, maintenance or demolition of any building or structure or of any reservoir, watercourse, dam, weir, well, borehole or other works; and
- (b) the installation, modification or removal of any machinery or apparatus;

“functions”, in relation to a water undertaker, means the functions of the undertaker under or by virtue of any enactment and shall be construed subject to section 217 of the <sup>M9</sup>Water Industry Act 1991 (extension of meaning of “functions” in relation to undertakers);

“local statutory provision” means, subject to subsection (3) below—

- (a) a provision of a local Act (including an Act confirming a provisional order);
- (b) a provision of so much of any public general Act as has effect with respect to a particular area, with respect to particular persons or works or with respect to particular provisions falling within any paragraph of this definition;
- (c) a provision of an instrument made under any provision falling within paragraph (a) or (b) above; and
- (d) a provision of any other instrument which is in the nature of a local enactment;

<sup>F29</sup> ...

“modifications” includes—

- (a) additions, alterations and omissions; and
- (b) in relation to any provision imposing a limit to which section 4 above applies in relation to any statutory water company, the removal of that limit and the replacement of that provision with a provision imposing a different such limit in relation to that company;

and cognate expressions shall be construed accordingly;

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“notice” means notice in writing;

“statutory order” means an order or scheme made under any Act of Parliament, including an order or scheme confirmed by Parliament;

“statutory water company” means any company which was a statutory water company for the purposes of the <sup>M10</sup>Water Act 1973 immediately before 1st September 1989; and

“water fittings” has the same meaning as in Part III of the <sup>M11</sup>Water Industry Act 1991.

- (2) In this Act a reference to a company’s becoming a registered water company is a reference to the issue to that company (whether before or on or after the 1st September 1989) of a [<sup>F30</sup>certificate of registration under Chapter 1 of Part 33 of the Companies Act 2006 or corresponding earlier provision].
- (3) The references in sections 6 to 8 of this Act to a local statutory provision shall not include a reference to any provision contained in any enactment or instrument passed or made on or after 1st September 1989.
- (4) Section 216 of the Water Industry Act 1991 (manner of serving notices etc.) shall apply in relation to the service of any document by virtue of this Act as it applies in relation to the service of any document by virtue of that Act.

#### Textual Amendments

- F29** Words in s. 15(1) omitted (1.10.2009) by virtue of [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 127(7)(a)** (with art. 10)
- F30** Words in s. 15(2) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 127(7)(b)** (with art. 10)

#### Marginal Citations

- M9** 1991 c. 56.  
**M10** 1973 c. 38.  
**M11** 1991 c. 56.

## 16 Information provisions.

Sections 206 and 207 of the Water Industry Act 1991 (confidentiality of information and offence of providing false information) shall have effect in relation to the provisions of this Act as they have effect in relation to the provisions of that Act.

## 17 Short title, commencement and extent.

- (1) This Act may be cited as the Statutory Water Companies Act 1991.
- (2) This Act shall come into force on 1st December 1991.
- (3) This Act extends to England and Wales only.

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### **Table of Derivations**

**NOTE:** THE FOLLOWING ABBREVIATIONS ARE USED IN THIS TABLE:—

1945	= The Water Act 1945 (c. 42)
1989	= The Water Act 1989 (c. 15)
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<b>Provision of Act</b>	<b>Derivation</b>
1	1989 s. 97.
2	1945 ss. 41(1), (2) & (3)(proviso) & 59(1); 1989 Sch 25 para 7(6).
3	1945 s. 41(3)(except proviso) & (4)–(6); 1989 Sch 25 para 7(6).
4	1989 s. 98(1)–(4) & (8)–(10).
5	1989 s. 98(5)–(7).
6	1989 s. 99(1).
7	1989 s. 99(2)–(4).
8	1989 s. 100.
9	1989 ss. 185 & 189(1) & Sch 25 para 71(2).
10	1945 ss. 43 & 59(1); 1989 Sch 25 para 7(7).
11	1989 s. 101(1).
12	1989 s. 101(2)–(5), (7) & (8).
13	1989 s. 102.
14	1989 s. 101(6) & (7).
15	1945 s. 59(1); 1989 ss. 97(4), 98(9), 101(8), 187 & 189(1) (part).
16	1989 ss. 174 & 175.
17	Short title, commencement and extent.

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**Status:**

Point in time view as at 01/10/2009.

**Changes to legislation:**

There are currently no known outstanding effects for the Statutory Water Companies Act 1991 (repealed).