STATUTORY INSTRUMENTS

1989 No. 2479

RATING AND VALUATION

The Water Undertakers (Rateable Values) Order 1989

Approved by both Houses of Parliament

Made	-	-	-	-	*22nd December 1989*
Coming into force		-	-	*23rd December 1989*

The Secretary of State for the Environment as respects England and the Secretary of State for Wales as respects Wales, in exercise of the powers conferred on them by sections 140(4), 143(1) and 146(6) of and paragraph 3(2) of Schedule 6 to the Local Government Finance Act 1988(**1**), and of all other powers enabling them in that behalf, hereby make the following Order in the terms of a draft laid before, and approved by resolution of, each House of Parliament:—

PART I

PRELIMINARY

Citation and commencement

1. This Order may be cited as the Water Undertakers (Rateable Values) Order 1989 and shall come into force on the day after the day on which it is made.

Interpretation

2. In this Order–

"the Act" means the Local Government Finance Act 1988;

"class of hereditaments" means a class of water hereditaments in relation to which an amount is specified in each column of the Schedule;

"intermediate year", in relation to a class of hereditaments to which paragraph (a) or (b) of article 6 applies, means any year beginning on or after 1st April 1992 and ending no later than the end of the year in which the rateable value of that class first falls by virtue of any provision in Part II to be determined in accordance with the standard formula;

(**1**) 1988 c. 41. Paragraph 3(2) of Schedule 6 is amended by paragraph 38(13) of Schedule 5 to the Local Government and Housing Act 1989 (c. 42).

"relevant year" means any year for which a rateable value falls to be determined in accordance with this Order, and "relevant preceding year" means the year preceding a relevant year;

"water hereditaments" means non-domestic hereditaments required by virtue of Part 6 of the Schedule to the Central Rating Lists Regulations 1989(**2**) to be shown in a central rating list;

"water undertaker" means any body mentioned in the Schedule;

"year" means a chargeable financial year;

any reference to hereditaments occupied by a water undertaker includes a reference to hereditaments which, if unoccupied, are owned by that undertaker, references to occupation being construed accordingly; and

any reference to a water undertaker by name is to the person bearing that name at the date of the Central Rating Lists Regulations 1989.

Rounding of numbers

3. Where (apart from this article) any rateable value determined under this Order would include a fraction of a pound–

    (a) the fraction shall be made up to one pound if it would exceed 50p, and

    (b) the fraction shall be ignored if it would be 50p or less.

Disapplication of normal basis of valuation

4. In the case of water hereditaments, paragraphs 2 to 2B of Schedule 6 to the Act(**3**) shall not apply, and the rateable values of such hereditaments shall be as determined under the rules in the following provisions of this Order.

PART II

INITIAL RATEABLE VALUES

Interpretation

5. In this Part–

    (a) in any formula–

        B is the figure applicable in relation to the relevant year for the purposes of paragraph 5(3) of Schedule 7 to the Act;

        C is the figure applicable in relation to the relevant year for the purposes of paragraph 5(4) of Schedule 7 to the Act;

        I is the figure for the retail prices index for September in the relevant preceding year;

    and in relation to any class of hereditaments–

        R is the recalculation factor applicable to that class determined under Part IV in respect of the relevant preceding year;

        RV is the rateable value of that class in the relevant preceding year; and

    (b) T is the amount specified in relation to a class of hereditaments in column 1 of the Schedule;

(**2**) S.I. 1989/2263.

(**3**) Paragraph 2 is amended and paragraphs 2A and 2B inserted by paragraph 38(3) to (11) of Schedule 5 to the Local Government and Housing Act 1989.

U is the recalculation factor applicable to that class determined in accordance with Part IV in respect of the relevant year; and

"the standard formula" means the formula T+U.

Rateable values in 1990/91

6. In relation to each class of hereditaments–

(a) where T is greater than the relevant maximum amount calculated in relation to that class under article 7, the rateable value of that class in the year beginning on 1st April 1990 shall be the relevant maximum amount;

(b) where T is less than the relevant minimum amount calculated in relation to that class under article 7, the rateable value of that class in the year beginning on 1st April 1990 shall be the relevant minimum amount;

(c) where neither paragraph (a) nor paragraph (b) applies, the rateable value of that class in that year shall be T.

7. The relevant maximum amount in respect of a class of hereditaments is the amount produced by calculating in accordance with the formula–

$$\frac{1.2A}{M}$$

and the relevant minimum amount in respect of a class of hereditaments is the amount produced by calculating in accordance with the formula–

$$\frac{0.895A}{M}$$

where A is the amount specified in relation to that class in column 2 of the Schedule, and M is the non-domestic rating multiplier applicable to that class in pursuance of paragraph 2 of Schedule 7 to the Act.

Increasing rateable values

8.—(1) This article applies to any class of hereditaments in relation to which the rateable value in the year beginning on 1st April 1990 is determined as provided in paragraph (a) of article 6.

(2) The rateable value in the year beginning on 1st April 1991 of any class of hereditaments to which this article applies shall be determined in accordance with paragraph (3).

(3) For the purposes of paragraph (2), where in relation to a class of hereditaments a calculation in respect of that year according to formula 1, that is to say–

$$RV \times 1.2 \left(1 - \frac{1-B}{C}\right) + U$$

produces an amount less than that produced by a calculation in accordance with the standard formula, the rateable value of that class of hereditaments in that year shall be the amount calculated in accordance with formula 1; and in any other case it shall be the amount calculated in accordance with the standard formula.

9.—(1) This article applies to any class of hereditaments in relation to which the rateable value in the year beginning on 1st April 1991 falls in pursuance of article 8 to be determined in accordance with formula 1.

(2) The rateable value in any intermediate year of any class of hereditaments to which this article applies shall be determined in accordance with paragraph (3).

(3) Where in relation to a class of hereditaments and any such year a calculation in respect of that year according to formula 2, that is to say–

$$(RV - R) \times 1.2 \left(1 \div \frac{I - B}{C}\right) + U$$

produces an amount less than that produced by a calculation in respect of that year in accordance with the standard formula, the rateable value of that class of hereditaments in that year shall be the amount calculated in accordance with formula 2; and in any other case it shall be the amount calculated in accordance with the standard formula.

Decreasing rateable values

10.—(1) This article applies to any class of hereditaments in relation to which the rateable value in the year beginning on 1st April 1990 is determined as provided in paragraph (b) of article 6.

(2) The rateable value in the year beginning on 1st April 1991 of any class of hereditaments to which this article applies shall be determined in accordance with paragraph (3).

(3) For the purposes of paragraph (2), where in relation to a class of hereditaments a calculation in respect of that year according to formula 3, that is to say–

$$RV \times 0.87 \left(1 + \frac{I - B}{C}\right) + U$$

produces an amount greater than that produced by a calculation in accordance with the standard formula, the rateable value of that class of hereditaments shall be the amount calculated in accordance with formula 3; and in any other case it shall be the amount calculated in accordance with the standard formula.

11.—(1) This article applies to any class of hereditaments in relation to which the rateable value in the year beginning on 1st April 1991 falls in pursuance of article 10 to be determined in accordance with formula 3.

(2) The rateable value in any intermediate year of any class of hereditaments to which this article applies shall be determined in accordance with paragraph (3).

(3) Where in relation to a class of hereditaments and any such year a calculation according to formula 4, that is to say–

$$(RV - R) \times 0.87 \left(1 + \frac{I - B}{C}\right) + U$$

produces an amount greater than that produced by a calculation in accordance with the standard formula, the rateable value of that class of hereditaments in that year shall be the amount calculated in accordance with formula 4; and in any other case it shall be the amount calculated in accordance with the standard formula.

PART III

GENERAL PROVISION FOR RATEABLE VALUES

12. In the case of–

    (a) any class of hereditaments to which paragraph (c) of article 6 applies, in any year beginning on or after 1st April 1991,

(b) any class of hereditament the rateable value of which falls in pursuance of article 8(3) or 10(3) to be determined in accordance with the standard formula, in any year beginning on or after 1st April 1992, and

(c) any class of hereditaments to which article 9 or 11 applies, in any year beginning after an intermediate year,

the rateable value of that class in such a year shall be the amount produced by calculating in respect of that year in accordance with the standard formula.

PART IV

ANNUAL RECALCULATION OF RATEABLE VALUES

Interpretation

13.—(1) In this Part, in relation to each class of hereditaments–

(a) in any formula–

T is the amount specified in relation to that class in column 1 of the Schedule;

y is the relevant amount of water in relation to the period of three years ending immediately before the relevant preceding year;

Y, subject to article 14(3), is the relevant amount of water in relation to the period of three years ending on 31st March 1989;

(b) "relevant amount of water" in relation to a relevant undertaker and any period of three years means the amount calculated in accordance with paragraph (2); and

in relation to a class of hereditaments "relevant undertaker" means the water undertaker in occupation of those hereditaments.

(2) The relevant amount of water in relation to a relevant undertaker and any year is the annual average, over the three years being considered, expressed in megalitres to the nearest tenth part of a megalitre, of the amount estimated in accordance with sub-paragraph (a) less the amount estimated in accordance with sub-paragraph (b); that is to say–

(a) the estimated annual average amount of water put into supply by that undertaker in the period of three years, being water supplied both–

(i) to any other person in bulk, that is to say for the purpose of augmenting or constituting the supply to be given by that person and

(ii) otherwise,

less half the estimated annual average amount of non-potable water so supplied otherwise than in bulk; less

(b) half the annual average amount estimated to have been taken or supplied in bulk during that period of three years.

(3) Where the relevant undertaker did not supply water throughout any year in a period of three years, paragraph (2) shall apply as if for the reference to the annual average over three years there were substituted a reference to the number of years throughout which water was supplied; and for the purposes of this paragraph any temporary suspension of supply shall be disregarded.

Recalculation factors

14.—(1) Where in relation to any class of hereditaments and any year the value attributable to y is less than that produced by calculating in accordance with the formula–

$$Y\left(\frac{102}{100}\right)$$

("the upper threshold") and greater than that produced by calculating in accordance with the formula–

$$Y\left(\frac{98}{100}\right)$$

("the lower threshold"), the recalculation factor applicable to that class–

  (a) in the first such year shall be 0, and

  (b) in any subsequent such year, shall be a figure equal to the recalculation factor applicable in accordance with this article in the relevant preceding year.

  (2) Where in relation to any year the value attributable to y in respect of any class of hereditaments is equal to or exceeds the upper threshold or is equal to or lower than the lower threshold, the recalculation factor applicable to that class in that year shall be the figure produced by calculating in accordance with the formula–

$$T\left(\frac{y-Y}{1.5\,Y}\right).$$

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  (3) In relation to any class of hereditaments and any year beginning after the year in which paragraph (2) first applies to that class, paragraph (1) shall apply as if for Y there were substituted Z, where Z is a number having the same value as y in the last foregoing year in relation to which the applicable recalculation factor for that class was determined in accordance with paragraph (2).

21st December 1989

Chris Patten
Secretary of State for the Environment

22nd December 1989

Peter Walker
Secretary of State for Wales

<div align="center">SCHEDULE</div>

<div align="right">Regulations 5 to 7</div>

Classes of water hereditaments	Specified amounts in millions	
	Column 1 £	Column 2 £
PART I. HEREDITAMENTS TO BE ENTERED IN THE CENTRAL RATING LIST FOR ENGLAND		
Anglian Water Services Limited	41.42	11.55086
Dwr Cymru Cyfyngedig	1.221	0.427172
Northumbrian Water Limited	12.129	6.037436
North West Water Limited	61.128	26.381368
Severn Trent Water Limited	45.461	19.05058
Southern Water Services Limited	12.571	5.461776
South West Water Services Limited	15.335	4.407296
Thames Water Utilities Limited	53.056	26.699864
Wessex Water Services Limited	7.358	3.477632
Yorkshire Water Services Limited	37.273	19.075328
Bournemouth and District Water Company	1.5605	0.453857
Bristol Waterworks Company	7.8747	4.335634
Cambridge Water Company	1.7375	0.718338
Chester Waterworks Company	0.4266	0.311202
Cholderton and District Water Company Limited	0.0149	0.004842
Colne Valley Water Company	4.4286	2.382802
East Anglian Water Company	1.8361	0.883254
Eastbourne Water Company	1.7083	0.6102
East Surrey Water Company	2.5504	0.595028
East Worcestershire Water Company	1.6845	0.581901
Essex Water Company	8.668	4.993716
Folkestone and District Water Company	1.1941	0.490226
Hartlepools Water Company	0.9177	0.683906

Classes of water hereditaments	*Specified amounts in millions*	
	Column 1 £	*Column 2* £
Lee Valley Water Company	6.5027	3.107165
Mid Kent Water Company	4.0942	1.206088
Mid Southern Water Company	5.0178	1.5517
Mid Sussex Water Company	1.9477	0.643018
Newcastle and Gateshead Water Company	5.5082	2.682145
North Surrey Water Company	3.1585	0.884149
Portsmouth Water Company	4.3207	1.574188
Rickmansworth Water Company	4.1594	1.571498
South Staffordshire Water Company	7.9767	3.108887
Sunderland and South Shields Water Company	3.5644	1.979087
Sutton District Water Company	1.6023	0.362397
Tendring Hundred Waterworks Company	0.7737	0.360245
West Hampshire Water Company	1.7318	0.76353
West Kent Water Company	0.9234	0.257917
Wrexham and East Denbighshire Water Company	0.0265	0.010648
York Waterworks Company	1.079	0.331731

PART II. HEREDITAMENTS TO BE ENTERED IN THE CENTRAL RATING LIST FOR WALES

Chester Waterworks Company	0.0311	0.023688
Dwr Cymru Cyfyngedig	27.853	9.7378
North West Water Limited	1.12	0.4842
Severn Trent Water Limited	2.748	1.15132
Wrexham and East Denbighshire Water Company	1.1275	0.478951

EXPLANATORY NOTE

(This note is not part of the Order)

Under paragraph 3(2) of Schedule 6 to the Local Government Finance Act 1988, the Secretary of State may by order provide in the case of non-domestic hereditaments to be shown in the central rating lists for England and for Wales that the normal rules of valuation for rating contained in paragraphs 2 to 2B of that Schedule are not to apply to such hereditaments, and instead their rateable value shall be such as is specified, or determined in accordance with rules set out, in the order.

Water supply hereditaments occupied (or, if unoccupied, owned) by water undertakers named in Part 6 of the Schedule to the Central Rating Lists Regulations 1989 (S.I.1989/2263) are required by those Regulations to be shown on those lists. This Order provides (article 4) that paragraphs 2 to 2B shall not apply in respect of such hereditaments, and sets out rules according to which their rateable values are to be determined.

Part II sets out formulae for determining the rateable values of water supply hereditaments by reference to the figures in columns 1 and 2 of the Schedule to the Order. The amount specified in column 1 (the target amount) provides the basis for calculating the rateable value for each such class of hereditament, and column 2 specifies an amount (the base amount) which has been calculated by reference to the amount payable in respect of each undertaker's hereditaments by way of rates in the financial year 1989/90.

For 1990/91 the rateable value of any class of hereditaments is the target amount, unless that amount exceeds by more than 20 per cent (or is less than 89.5 per cent of) the base amount divided by the national non-domestic rating multiplier applicable for that year under the 1988 Act, in which case it is the latter. Where the target amount does not apply in 1990/91, the transitional provisions of articles 8 to 11 apply for later years until the year in which they produce an amount which falls below (or exceeds) the amount produced by the standard formula (the target figure adjusted for that year in accordance with Part IV). For that year and later years the standard formula applies.

Part IV provides for annual adjustment by reference to variations in water supply.