
STATUTORY INSTRUMENTS

1996 No. 744 (S.77)

WATER SUPPLY, SCOTLAND

**The Water and Sewerage Authorities
(Rate of Return) (Scotland) Order 1996**

<i>Made</i>	- - - -	<i>7th March 1996</i>
<i>Laid before Parliament</i>		<i>11th March 1996</i>
<i>Coming into force</i>	- -	<i>1st April 1996</i>

The Secretary of State, in exercise of the powers conferred on him by section 83(2) of the Local Government etc. (Scotland) Act 1994⁽¹⁾ and of all other powers enabling him in that behalf, and with the approval of the Treasury, hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Water and Sewerage Authorities (Rate of Return) (Scotland) Order 1996 and shall come into force on 1st April 1996.

Interpretation

2. In this Order—

“the Act” means the Local Government etc. (Scotland) Act 1994;

“accounts requirement” means a requirement notified under section 87(2) of the Act;

“authority” means a new water and sewerage authority within the meaning of Part II of the Act.

Value of net assets

3. The value of an authority’s net assets for a financial year shall, for the purposes of section 83 of the Act, be the aggregate of—

- (a) the deemed value of that authority’s capital at the beginning of the year (as shown in the statement of accounts prepared by the authority under section 87 of the Act); and
- (b) the average level of investment by that authority in net operating assets during that year.

(1) 1994 c. 39.

Return on value of net assets

4.—(1) 6.5% is hereby specified as the rate of return which the Secretary of State considers it reasonable for an authority to achieve on the value of their net assets for a financial year (in this article referred to as “the specified rate”).

(2) It is hereby directed that, during each financial year commencing after 31st March 1996, each authority shall discharge their functions with a view to securing that their achievement for that year, expressed as a percentage of the value of their net assets for that year, is not less than the specified rate.

(3) For the purposes of paragraph (2) above, the achievement of an authority for a year means—

- (a) in respect of the financial year commencing on 1st April 1996, that authority’s operating surplus for that year;
- (b) in respect of any subsequent financial year, that authority’s operating surplus for that year—
 - (i) reduced, where the achievement of that authority for the immediately preceding financial year was less than that provided for in paragraph (2) above, by the amount by which it was less (adjusted to take account of the effects of inflation in accordance with any accounts requirement); or
 - (ii) increased, where the achievement of that authority for the immediately preceding financial year was greater than that provided for in paragraph (2) above, by the amount by which it was greater (adjusted to take account of the effects of inflation in accordance with any accounts requirement).

St Andrew’s House,
Edinburgh
5th March 1996

George Kynoch
Parliamentary Under Secretary of State, Scottish
Office

We approve,

7th March 1996

Derek Conway
Simon Burns
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

Responsibility for the provision of water and sewerage services in Scotland will on 1st April 1996 transfer from local authorities to three new water and sewerage authorities, established under the Local Government etc. (Scotland) Act 1994. This Order makes provision as to the rate of return on the value of their assets which these three authorities require to achieve from financial year 1996/97 onwards.