
 STATUTORY INSTRUMENTS

1981 No. 826

WATER, ENGLAND AND WALES

The Water Authorities (Return on Assets) Order 1981

<i>Made - - - -</i>	8th June 1981
<i>Laid before Parliament</i>	15th June 1981
<i>Coming into Operation</i>	6th July 1981

The Secretary of State for the Environment and the Secretary of State for Wales, with the approval of the Treasury and after consultation with the National Water Council, in exercise of the powers conferred on them by section 29(2)(a) of the Water Act 1973(a), and of all other powers enabling them in that behalf, hereby make the following order:—

Title, commencement and territorial extent of exercise of powers

1.—(1) This order may be cited as the Water Authorities (Return on Assets) Order 1981 and shall come into operation on 6th July 1981.

(2) This order is made by the Secretary of State for Wales in relation to the Welsh Water Authority and their area and by the Secretary of State for the Environment in relation to any other water authority or area.

Interpretation

2.—(1) In this order, unless the context otherwise requires—

“the Act” means the Water Act 1973;

“the Schedule” means the Schedule to this order;

“the value of their net assets”, in relation to any water authority, has the meaning assigned to it in article 3;

“the year 1981-82” means the year ending on 31st March 1982.

(2) In construing, for the purposes of this order, the expressions “current cost” and “current cost operating profit”, regard shall be had to the requirements for the preparation of current cost accounts contained in the publication entitled “Statement of Standard Accountancy Practice No. 16” issued in March 1980 by the bodies represented on the Consultancy Committee of Accountancy Bodies.

(3) Any reference in this order to a numbered article shall be construed as a reference to the article bearing that number in this order.

Meaning of “the value of their net assets”

3. In relation to any water authority, the expression “the value of their net assets” is hereby defined, for the purposes of section 29 of the Act, as meaning the total net value, at current cost, of the assets held by the authority on 1st April 1981 for the purposes of any of their functions other than functions relating to land drainage.

Return on value of net assets

4.—(1) The rate per cent. shown in column (2) of the Schedule in relation to any water authority mentioned in column (1) thereof is hereby specified as the rate of return on the value of their net assets which the Secretary of State considers it is reasonable for the authority to achieve in respect of the year 1981-82 (in this article referred to as “the specified rate”).

(2) It is hereby directed that during the year 1981-82 each water authority mentioned in column (1) of the Schedule shall discharge their functions with a view to securing that they achieve in respect of that year a rate of return on the value of their net assets which is not less than the specified rate.

(3) Where in respect of the year 1981-82 a water authority achieve such an amount by way of return on the value of their net assets that the aggregate of the current cost operating profit for that year and the balance on the appropriation account at 1st April 1981 equals or exceeds the amount stated in column (3) of the Schedule in relation to that authority, they shall be taken to have complied with the provisions of paragraph (2) above.

Article 4

SCHEDULE

RETURN ON VALUE OF NET ASSETS IN RESPECT OF THE YEAR 1981-82

(1) Water authority	(2) Rate of return	(3) Amount for purposes of article 4(3)
	per cent	£
Anglian Water Authority	1.38	41,000,000
Northumbrian Water Authority	2.52	27,700,000
North West Water Authority	0.80	26,100,000
Severn-Trent Water Authority	1.02	39,700,000
Southern Water Authority	1.09	16,800,000
South West Water Authority	2.17	12,400,000
Thames Water Authority	1.24	38,000,000
Welsh Water Authority	0.30	4,800,000
Wessex Water Authority	1.65	13,100,000
Yorkshire Water Authority	0.85	21,000,000

3rd June 1981.

Michael R. D. Heseltine,
Secretary of State for the Environment.

3rd June 1981.

Nicholas Edwards,
Secretary of State for Wales.

We approve the making of this order.

8th June 1981.

John Wakeham,
J. A. Douglas-Hamilton,
Two of the Lords Commissioners
of Her Majesty's Treasury.

EXPLANATORY NOTE

(This Note is not part of the Order.)

Section 29(2)(a) of the Water Act 1973 provides that the Secretary of State may, with the approval of the Treasury and after consultation with the National Water Council, direct by order that any regional water authority shall discharge their functions during any specified period with a view to securing that they achieve, in respect of that period, a rate of return on "the value of their net assets" (as defined by him) which is not less than the rate which he considers reasonable and specifies in his direction.

This Order, which relates to each of the water authorities in England and Wales which are named in the Schedule to the order, defines "the value of their net assets", and specifies the rate of return on that value which each authority is required to attempt to achieve in respect of the year ending on 31st March 1982.

The publication entitled "Statement of Standard Accountancy Practice No. 16", which is mentioned in article 2(2) of the order, is obtainable (price £1.25) from The Institute of Chartered Accountants in England and Wales, P.O. Box 433, Moorgate Place, London EC2.

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