
STATUTORY INSTRUMENTS

1985 No. 78

WATER, ENGLAND AND WALES

The Water Authorities (Return on Assets) Order 1985*Made* - - - 24th January 1985*Laid before Parliament* 24th January 1985*Coming into Operation* 14th February 1985

The Secretary of State, with the approval of the Treasury, in exercise of the powers conferred on him by section 29(2)(a) of the Water Act 1973(a), and of all other powers enabling him in that behalf, hereby makes the following order:—

Title, commencement and application of powers

1.—(1) This order may be cited as the Water Authorities (Return on Assets) Order 1985 and shall come into operation on 14th February 1985.

(2) This order applies to the water authorities of England and Wales.

Interpretation

2. In construing, for the purposes of this order, “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 Accounting Practice No. 16” issued in March 1980 by the bodies represented on the Consultative Committee of Accountancy Bodies.

Definition of “the value of their net assets” for the purposes of section 29 of the Act

3. In relation to any water authority “the value of their net assets” is defined, for the purposes of section 29 of the Water Act 1973, as the mean between the total net value, at current cost, of the assets held by the authority for the purposes of their functions (other than functions relating to land drainage) on 1st April 1985 and of the assets so held on 31st March 1986.

Return on value of net assets

4.—(1) In this article —

“their 1985 balance” means —

(a) in relation to the Welsh Water Authority the aggregate of the amounts severally assessed for each of the financial years ending on 31st March of the year specified in column (1) of the following table by which their current cost operating profit exceeded or fell short of “the specified rate” in respect of that year within the meaning of the order specified in respect of that year in column (2).

(a) 1973 c.37, section 29(2)(a) was amended by section 11(3) of, and Schedule 5 to, the Water Act 1983 (c.23).

TABLE

(1)	(2)
1982	The Welsh Water Authority (Return on Assets) Order 1981(a)
1983	The Welsh Water Authority (Return on Assets) Order 1982(b)
1984	The Welsh Water Authority (Return on Assets) Order 1983(c)
1985	The Welsh Water Authority (Return on Assets) Order 1984(d)

less the deficit balance on the profit and loss account of the Authority at 1st April 1981; and

- (b) in relation to any other water authority the amount by which that authority's 1985 achievement, as defined in the Water Authorities (Return on Assets) Order 1984(e), exceeded or fell short of the rate of return specified for that authority in the Schedule to the said order; and

“their 1986 achievement” means the aggregate of —

- (a) their 1985 balance,
- (b) the current cost operating profit of the authority earned for the financial year 1985–86 from the authority's functions other than functions relating to land drainage, and
- (c) any amount transferred to their appropriation account in respect of that year from any tariff equalisation fund maintained by the authority.

(2) The rate per cent shown in relation to any water authority in the Schedule to this order is specified as the rate of return on the value of their net assets which the Secretary of State considers it reasonable for that authority to achieve in respect of the financial year 1985–86 (in this article referred to as “the specified rate for 1986”).

(3) It is hereby directed that during the financial year 1985–86 each water authority shall discharge their functions with a view to securing that their 1986 achievement expressed as a percentage of their net assets is not less than the specified rate for 1986.

(a) S.I. 1981/826.

(b) S.I. 1982/1087.

(c) S.I. 1983/782.

(d) S.I. 1984/1470.

(e) S.I. 1984/1995.

Article 4(2)

SCHEDULE

SPECIFIED RATE OF RETURN ON VALUE OF NET ASSETS IN RESPECT OF THE YEAR
1985-86

Water Authority	Rate of Return
	per cent
Anglian Water Authority	1.62
Northumbrian Water Authority	1.48
North West Water Authority	1.43
Severn-Trent Water Authority	1.47
Southern Water Authority	1.41
South West Water Authority	1.54
Thames Water Authority	1.37
Wessex Water Authority	1.40
Yorkshire Water Authority	1.43
Welsh Water Authority	1.45

24th January 1985.

Patrick Jenkin,
Secretary of State for the Environment.

24th January 1985.

Nicholas Edwards,
Secretary of State for Wales.

We approve the making of this order,

24th January 1985.

Donald Thompson,
A. G. Hamilton,
Two of the Lords Commissioners of
Her Majesty's Treasury.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This order gives directions to the water authorities. It specifies the rate of return on the value of their net assets which the Secretary of State considers each water authority can reasonably achieve for the financial year 1985/86; and directs authorities to discharge their functions with a view to achieving a rate no lower than that rate.

In the last three financial years, separate orders have been made by the Secretary of State for Wales as respects the Welsh Water Authority. The orders were framed somewhat differently from the comparable orders for the English water authorities. This necessitates a rather different definition of "their 1985 balance" as respects that Authority.

The publication entitled "Statement of Standard Accounting Practice No. 16", which is mentioned in article 2 of the order, is obtainable from the Institute of Chartered Accountants in England and Wales, Silbury Boulevard, Witan Gate East, Central Milton Keynes, Buckinghamshire MK9 2HL.

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